Sun Pharmaceutical Industries Ltd.
Sun House, Plot No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai - 400 063, Maharashtra, INDIA.
Tel. : (91-22) 4324 4324
Fax : (91-22) 4324 4343
www.sunpharma.com
CIN : L24230GJ1993PLC019050

SUN PHARMA

September 29, 2017

National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.
NSE Code: SUNPHARMA

BSE Limited.,
Market Operations Dept.
P. J. Towers,
Dalal Street,
Mumbai – 400 001.
Stock Code: 524715

Dear Sirs,

Sub: Submission of Annual Report to the Stock Exchanges under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report and Business Responsibility Report of the Company for the financial year 2016-2017 approved and adopted by the members of the Company as per the provisions of Companies Act, 2013 at the 25th Annual General Meeting of the Company held on Tuesday, September 26, 2017 at 10:45 am at Sir Sayajirao Nagargruh, Akota, Vadodara, Gujarat-390020 alongwith Notice of the Annual General Meeting and Attendance Slip & Proxy Form.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Sun Pharmaceutical Industries Limited**

Ashok I. Bhuta
Compliance Officer

Encl: 1. Annual Report for the financial year 2016-17.
2. Business Responsibility Report (BRR).
3. Notice of the Annual General Meeting.
4. Attendance Slip and Proxy Form.

AUGMENTING GROWTH ENGINES

ANNUAL REPORT

2016-2017

SUN PHARMACEUTICAL INDUSTRIES LTD.

Reaching People. Touching Lives.

SUN PHARMA

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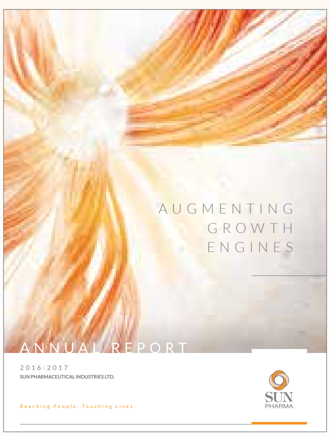


The cover design of this year's annual report focuses on the theme of 'Augmenting Growth Engines'. It takes an abstract approach to illustrating multifaceted connections that come together to drive growth, which is representative of multiple growth engines.

At Sun Pharma, we have consistently focused on augmenting the long-term growth drivers for the Company. As a part of this approach, we have added another growth engine to our business - the specialty business – which is gradually evolving for us. This is besides our existing growth engines of the generics and branded generics businesses.

During the year, we enhanced our R&D investments for developing complex generics and specialty products. These strategic investments will enable us to move up the pharmaceutical value chain. We are also investing in enhancing our product pipeline for emerging markets and other non-US developed markets.

We also continued to build our specialty pipeline; and invested in developing the requisite front-end for the US specialty business.

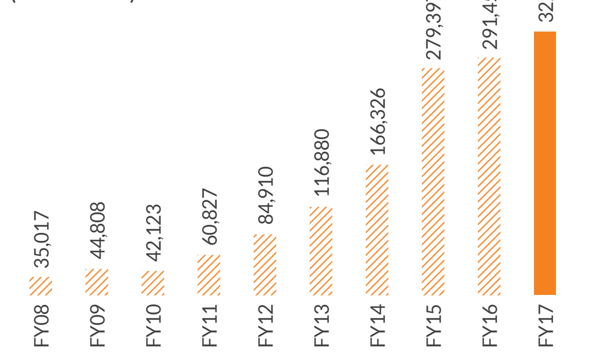
We are undergoing a gradual transformation as we continue to invest in enhancing our global specialty and complex generics pipeline. These investments will enable us to augment long-term growth avenues for future.

At the same time, we have ensured that our patients remain at the centre point of all our strategic initiatives. Our existing business of generics and branded generics is an integral part of the solution to lower global healthcare costs. Our specialty strategy focuses on improving patient outcomes either by targeting unmet medical needs or by enhancing patient convenience through differentiated dosage forms

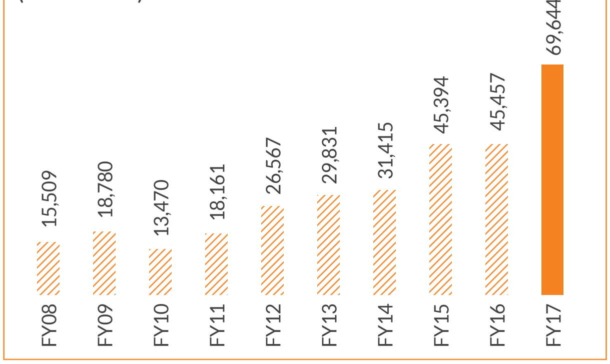
WE ARE NOT JUST COMMITTED TO AUGMENTING OUR GROWTH AVENUES, PATIENT CARE REMAINS AT THE CORE OF OUR STRATEGY.

KEY PERFORMANCE INDICATORS (CONSOLIDATED)

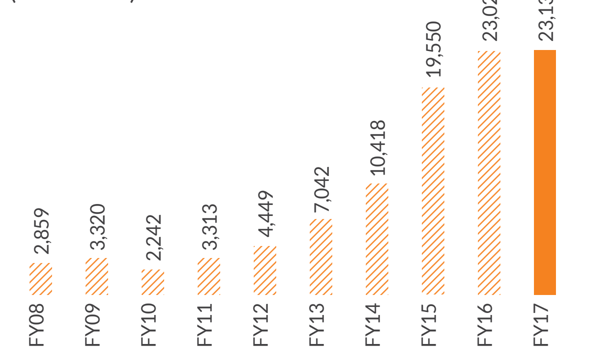
TOTAL INCOME
(₹ in Million)



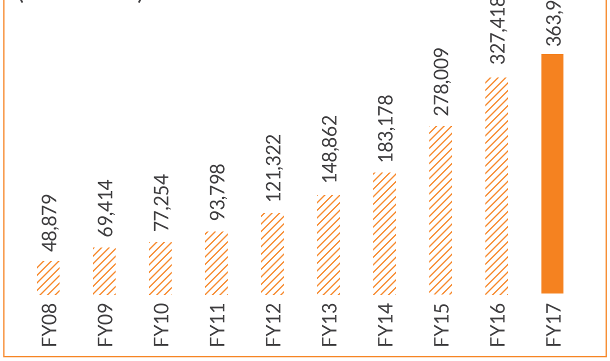
NET PROFIT AFTER MINORITY INTEREST
(₹ in Million)



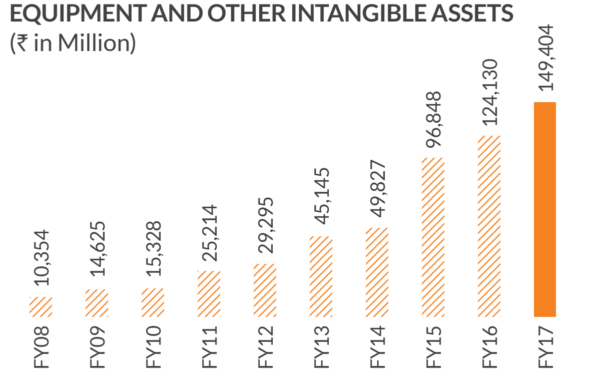
R&D INVESTMENTS
(₹ in Million)



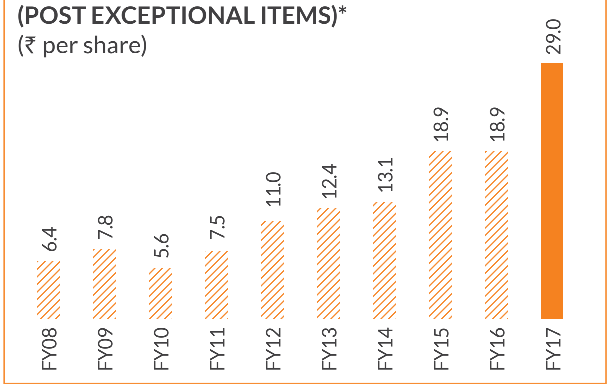
RESERVE & SURPLUS
(₹ in Million)



CARRYING VALUE OF PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS
(₹ in Million)



ADJUSTED EARNING PER SHARE (POST EXCEPTIONAL ITEMS)*
(₹ per share)



* During FY11, each equity share of ₹ 5/- was split into five equity shares of ₹ 1/- each.
* During FY14, the Company issued bonus shares in the ratio of one equity share of ₹ 1/- for every share held.
* During FY15, the Company's equity shares have increased to 2,406 Million due to the merger of erstwhile Ranbaxy Laboratories Ltd. (RLL) with the Company, wherein 0.80 equity share of ₹ 1 each of the Company have been allotted to the shareholders of RLL for every 1.00 share of ₹ 5 each held by them.

The Company has adopted Ind-AS accounting standards with effect from 1st April, 2015. Hence, FY16 onwards, the financials are reported as per Ind-AS and are not strictly comparable with previous years. For FY15, balance sheet items are as per Ind-AS.

TEN YEAR FINANCIAL HIGHLIGHTS

CONSOLIDATED

₹ in Million

Particular	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Operating Performance										
Revenue from Operations	34,606	43,751	38,086	57,279	80,195	112,999	160,804	273,920	284,870	315,784
Total Income	35,017	44,808	42,123	60,827	84,910	116,880	166,326	279,397	291,453	322,016
Profit for the year (after minority interest)	15,509	18,780	13,470	18,161	26,567	29,831	31,415	45,394	45,457	69,644
R&D Expenditure	2,859	3,320	2,242	3,313	4,449	7,042	10,418	19,550	23,025	23,138
a) Capital	134	222	159	236	362	427	556	1,178	783	1,679
b) Revenue (Excluding Depreciation)	2,725	3,098	2,083	3,077	4,088	6,616	9,862	18,373	22,242	21,459
c) % of Turnover	9%	8%	6%	6%	6%	6%	7%	7%	8%	8%
Financial Position										
Equity Share Capital	1,036	1,036	1,036	1,036	1,036	1,036	2,071	2,071	2,407	2,399
Reserve and Surplus	48,879	69,414	77,254	93,798	121,322	148,862	183,178	278,009	327,418	363,997
Property, Plant & Equipment and other Intangible assets (at cost/ deemed cost)	15,960	21,476	23,340	45,473	54,269	75,763	86,505	143,616	187,212	217,315
Carrying value of Property, Plant & Equipment and other Intangible assets	10,354	14,625	15,328	25,214	29,295	45,145	49,827	96,848	124,130	149,404
Investments	6,565	18,595	31,664	26,557	22,129	24,116	27,860	35,028	18,299	11,919
Net Current Assets	33,995	35,485	28,542	58,622	76,749	86,618	126,969	135,488	167,973	150,666
Stock Information										
Number of Shares (Million)	207	207	207	1,036	1,036	1,036	2,071	2,071	2,407	2,399
Adjusted Earing per Share (post exceptional items) (In ₹)*	6.4	7.8	5.6	7.5	11.0	12.4	13.1	18.9	18.9	29.0
Earnings per Share-Basic (In ₹)*	74.7	87.8	65.2	17.5	25.7	28.8	15.2	18.9	18.9	29.0
Earning per Share-Diluted (In ₹)*	71.8	87.8	65.2	17.5	25.7	28.8	15.2	18.9	18.9	29.0

* During FY11, each equity share of ₹ 5/- was split into five equity shares of ₹ 1/- each.
* During FY14, the Company issued bonus shares in the ratio of one equity share of ₹ 1/- for every share held.
* During FY15, the Company's equity shares have increased to 2,406 Million due to the merger of erstwhile Ranbaxy Laboratories Ltd. (RLL) with the Company, wherein 0.80 equity share of ₹ 1 each of the Company have been allotted to the shareholders of RLL for every 1.00 share of ₹ 5 each held by them.

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MANAGING DIRECTOR'S LETTER

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

Dear Shareholders,

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

HIGHLIGHTS OF FY17

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

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

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

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

BUILDING THE SPECIALTY BUSINESS

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

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

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

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

SIGNIFICANT RAMP-UP IN SPECIALTY PIPELINE

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

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

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

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

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

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

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

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

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

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

RANBAXY INTEGRATION

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

GLOBAL cGMP COMPLIANCE

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

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

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

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

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

JAPAN ENTRY

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

ENHANCING PRESENCE IN RUSSIA

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

OVERALL OUTLOOK

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

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

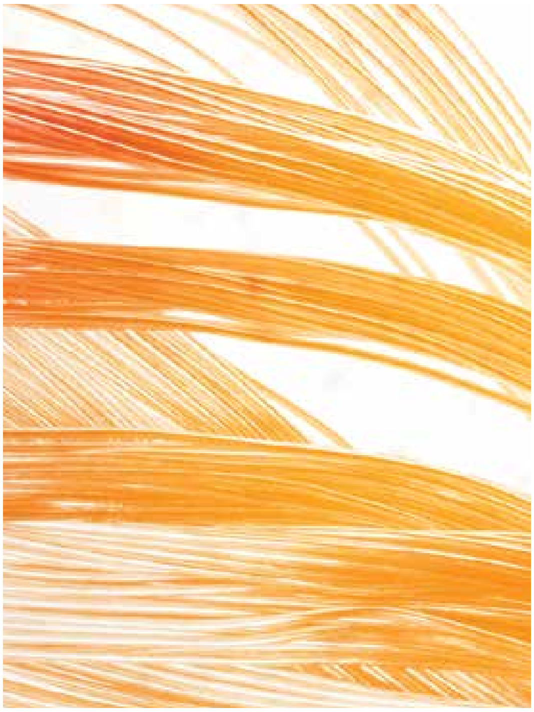
Despite these challenges, we continue to invest in enhancing our global specialty and complex generics pipeline. Investments will also continue for setting up the requisite front-end capabilities for our specialty business in the US. These investments may not have commensurate revenues in FY18, but in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

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

Warm regards,

Dilip Shanghvi
Managing Director
Sun Pharmaceutical Industries Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS



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

GLOBAL PHARMACEUTICAL INDUSTRY[1]

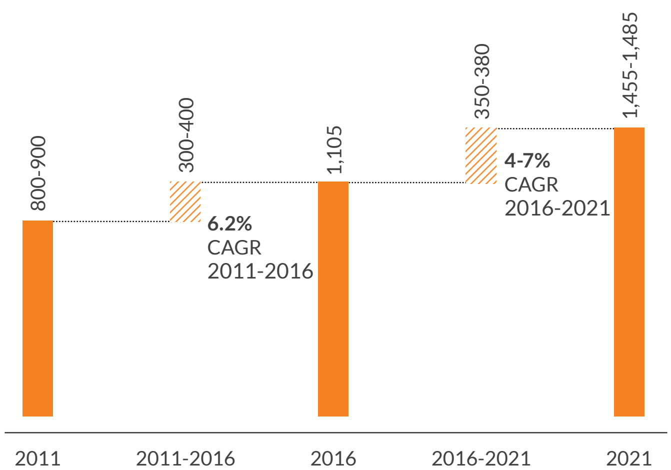
The global spending on medicines is expected to reach nearly US$ 1.5 Trillion by 2021. This is an increase of nearly US$ 370 Billion from the 2016 estimated spending level, representing a CAGR of 4-7%. The two main drivers of this growth will be introduction of new innovative products in the developed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

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

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

Chart 1

GLOBAL PHARMACEUTICAL SPENDING AND GROWTH 2011-2021[1]
(US$ Bn)

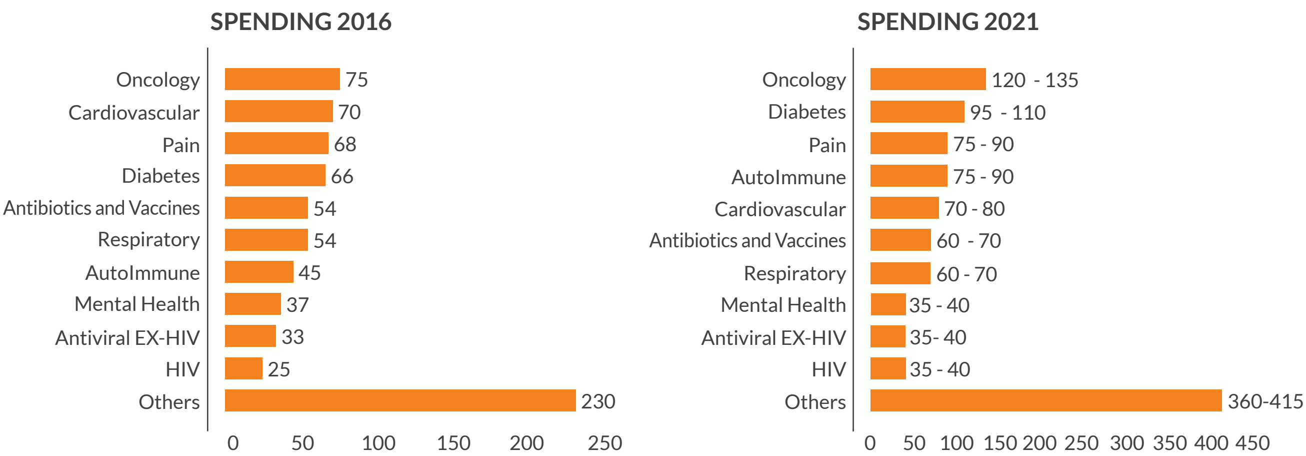


Constant US$

Chart 2

GLOBAL SPENDING ON MEDICINES[1]

(US$ Bn)



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

The key trends for the next five years:

- The US will continue as the world's largest pharmaceutical market.

- New innovative products will drive the growth in pharmaceutical spending in developed markets, but will be partly offset by patent expiries. Growth will be driven primarily by oncology, autoimmune and diabetes treatments.

- Pharmerging markets will grow faster than developed markets, driven mainly by rising income levels, increased healthcare awareness, government policies directed at achieving universal healthcare and increasing incidence of chronic ailments.

- Innovation in specialty medicines will drive the share of global specialty spending from 30% in 2016 to 35% in 2021. This increase will be driven by the acceptance of new breakthrough medicines.

- The specialty segment will be a key focus area for payers and they are likely to focus on lowering healthcare costs and the therapeutic value offered by such specialty medicines. The US and Western Europe will be the key drivers of specialty medicines.

Table 1

GLOBAL PHARMACEUTICAL SPENDING[1]

(US$ Bn)

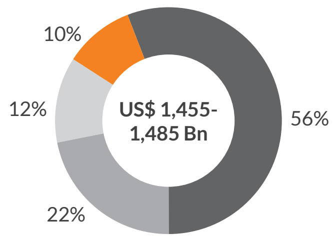
Regions	2016	2011-16 CAGR	2021	2016 -2021 CAGR
Developed	749	5%	975-1,005	4-7%
Pharmerging	243	10%	315-345	6-9 %
Other markets	112	4%	130-160	3-6%
Global pharmaceutical market	**1,105**	**6%**	**1,455-1,485**	**4-7%**

R&D Centre

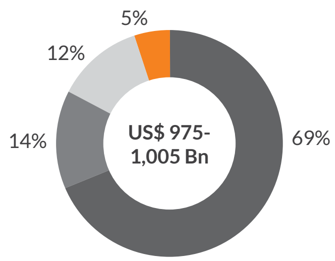
Chart 3

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

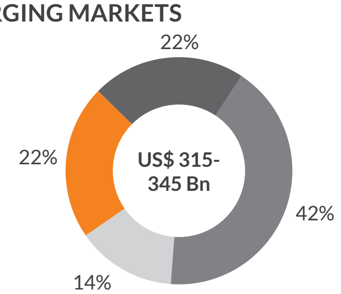
GLOBAL SPENDING



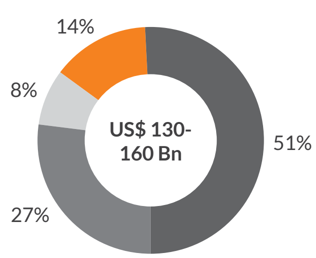
DEVELOPED MARKETS



PHARMERGING MARKETS



REST OF WORLD



Original brands · Generics · Branded Generics · Other products

GLOBAL GENERICS[1]

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

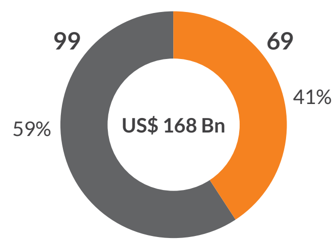
The global demand for non-branded generic drugs will continue to grow as governments, payors and consumers pursue avenues to reduce healthcare costs, mainly in the developed economies.

Chart 4

GLOBAL GENERIC MARKET SIZE[2]

(US$ Bn)

2 0 1 3



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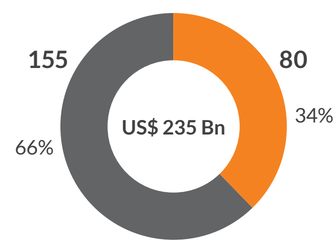

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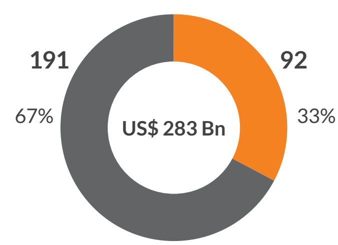


Branded Generics · Non-Branded Generics

Growth drivers of global pharmaceutical industry[2, 3]

Changing demographic pattern

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

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

Prevalence of chronic diseases

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

Accessibility and affordability

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

Outlook

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

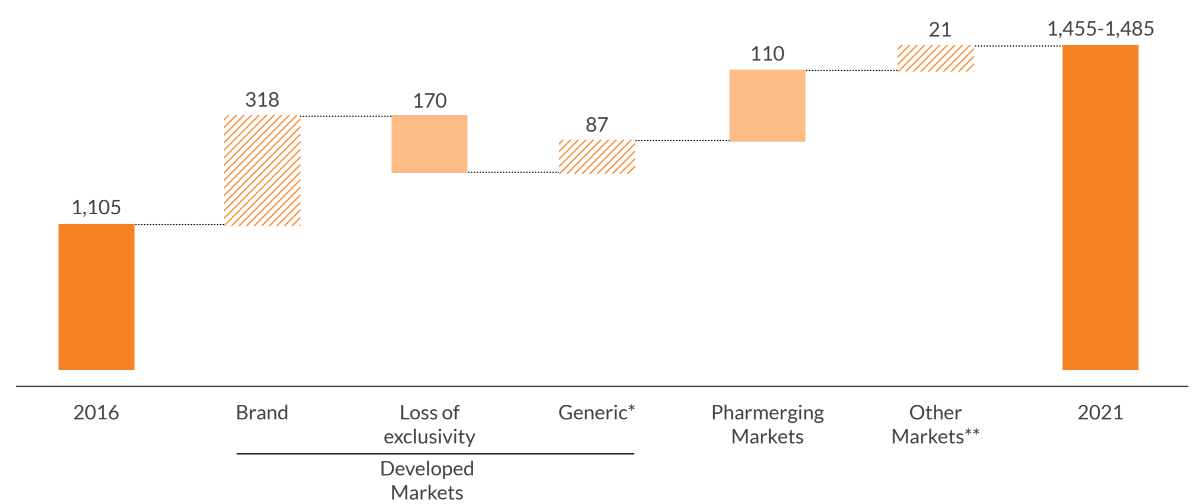
Spending on specialty medicines set to rise

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

Chart 5

DRIVERS OF PHARMACEUTICAL SPENDING - 2016-2021[1]

(US$ Bn)



Developed markets

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

Table 2

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

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

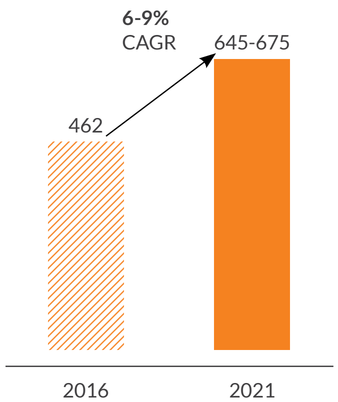
USA

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

Chart 7

US PHARMACEUTICAL SPENDING[1]

(US$ Bn)



Constant US$

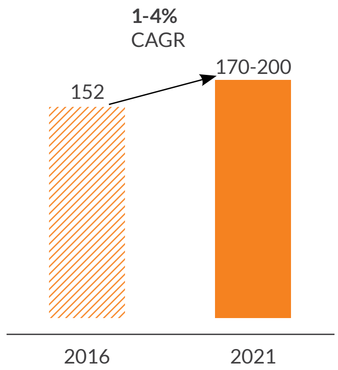
Western Europe

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

Chart 6

EU5 PHARMACEUTICAL SPENDING[1]

(US$ Bn)



Constant US$

Japan

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

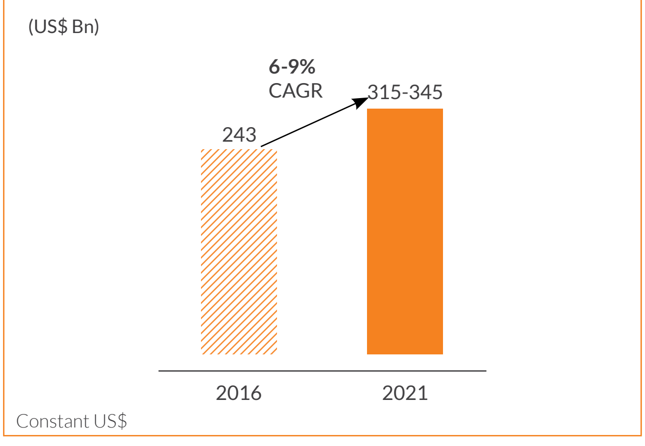
Analytical Laboratory

Pharmerging markets

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

Chart 8

PHARMERGING MARKETS PHARMACEUTICAL SPENDING[1]



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

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

Table 3

(US$ Bn)

PHARMERGING MARKETS PHARMACEUTICAL SPENDING[1]

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

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

Global consumer healthcare industry[6,7]

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

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

Active Pharmaceutical Ingredients (API)[4]

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

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

INDIAN PHARMACEUTICAL MARKET[8]

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

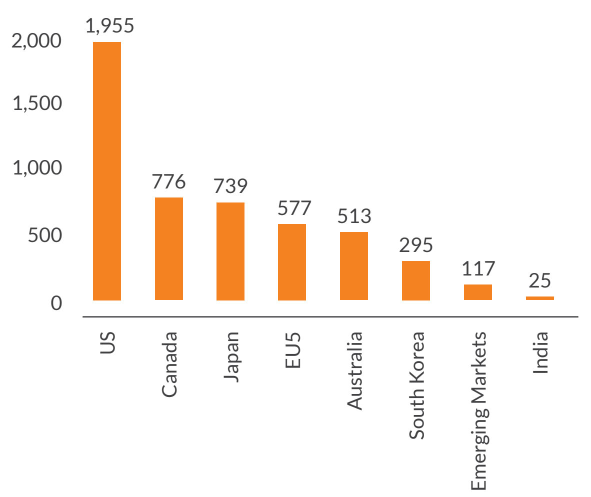
The overall penetration of modern medicines is quite low in India. The per capita spending on pharmaceuticals in India is one of the lowest among emerging markets. Compared to the emerging market average per capita spend of about US$ 117 per year, the spending in India is approximately US$ 15-25 per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

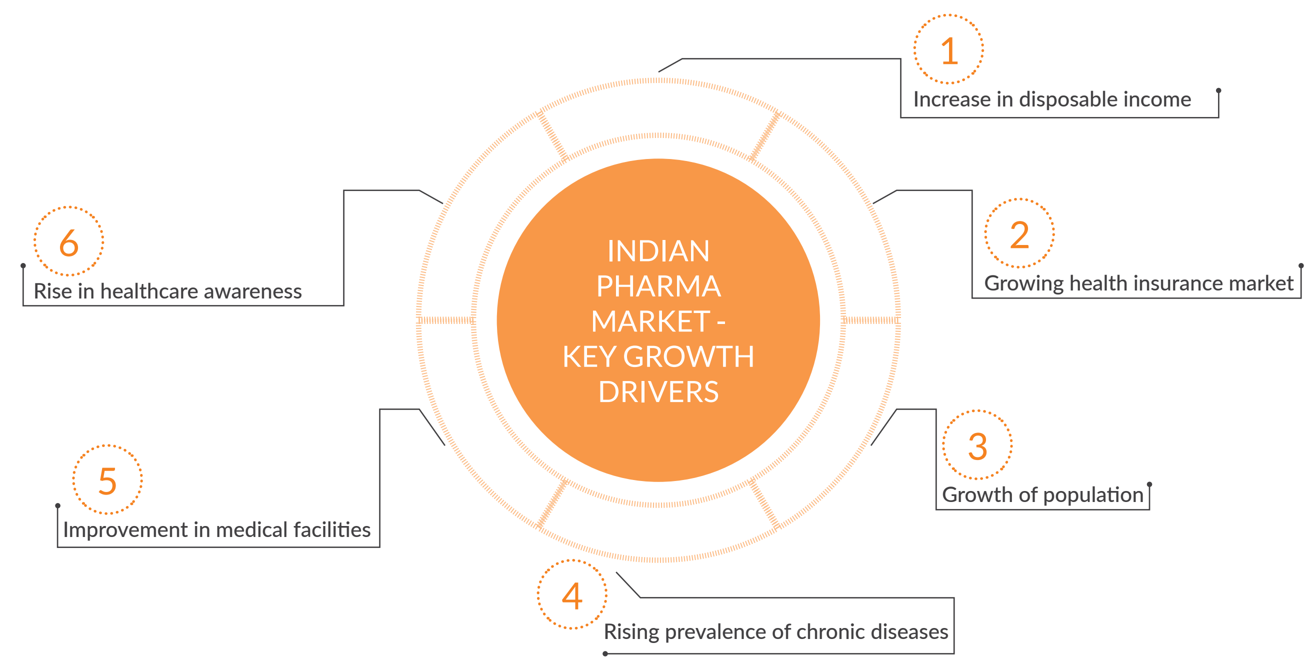
Other factors like rising per capita income, improving access to healthcare facilities, and higher government spending on healthcare drive market demand. Moreover, increasing insurance penetration, more healthcare awareness and enhanced investments for treating chronic ailments serve as key growth drivers.

Chart 9

GLOBAL PER CAPITA PHARMACEUTICAL SPENDING IN 2021[1]

(US$)





SUN PHARMACEUTICAL INDUSTRIES LIMITED (SUN PHARMA)

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

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

OUR BUSINESS MODEL

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

US$ 4.5 Bn
Global revenue as on March 31, 2017

>150
Markets served globally

42
Manufacturing facilities across six continents

>30,000
Employee worldwide

>2,000
Products marketed

GROWTH STREAMS

US Formulations

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

Emerging Markets

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

India Branded Generics

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

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

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

GROWTH STRATEGIES

Create Sustainable Revenue Streams

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

Balance Profitability & Investments for Future

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

Business Development

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

Cost Leadership

- Vertically integrated operations.
- Optimise operational costs.

Table 6

Key acquisitions and joint ventures (JV)

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

API Plant

Key performance indicators

GROSS SALES
(₹ Billion)

EBITDA*
(₹ Billion)

NET PROFIT AFTER MINORITY INTEREST
(₹ Billion)

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

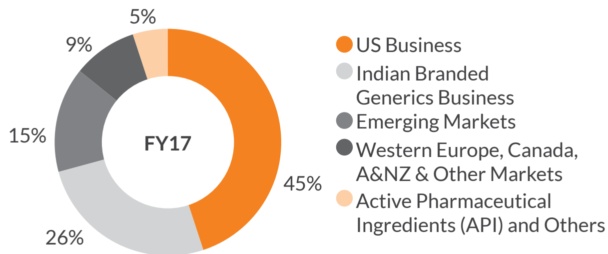
BOOK VALUE PER SHARE
(₹ Per Share)

MARKET CAPITALISATION
(US$ Billion)

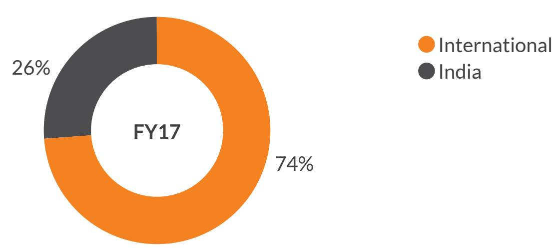
NET WORTH
(₹ Billion)

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

BUSINESS-WISE REVENUE SHARE



BUSINESS MIX



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

Operational highlights, FY17

Significant ramp-up in specialty pipeline

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

Global speciality portfolio

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

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

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

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

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

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

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

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

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

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

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

Progress on cGMP compliance

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

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

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

Japan entry

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

Enhancing presence in Russia

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

Buyback of shares

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

Outlook

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

Investing in specialty

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

cGMP compliance

Ensuring 24x7 cGMP compliance is a top priority for Sun Pharma and gets substantial attention from the top management. Over the past two years, significant investments have been made in enhancing systems, processes and talent to meet the stringent requirements of global regulators, including the USFDA. As a part of this process and to address the issues raised in the December 2015 warning letter for the Halol facility, Sun Pharma has undertaken various remedial measures. These remedial measures have resulted in supply constraints for some of its products. New approvals for the US from this facility have also been delayed. The Company expects this situation to continue for some more time till the outstanding deviations are resolved.

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

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

Ranbaxy integration

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

R&D investments

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

FY18 guidance

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

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

Business segment review

US BUSINESS

45%
Revenue contribution

₹ 137 Bn
Revenue from division

32%
FY12-17 Revenue CAGR

584
Cumulative ANDAs filed

427
Cumulative ANDAs approved

(As on March 31, 2017)

Overview

- Sun Pharma is the 4th largest specialty generic pharmaceutical company in the US market with presence across generics, branded and OTC segments.

- Key focus areas include CNS, dermatology, cardiology, oncology and ophthalmics, among others.

- One of the very few companies to have farm-to-market capabilities for controlled substances.

- Sun Pharma's integrated manufacturing facilities have capability to manufacture products, both onshore and offshore across a variety of dosage forms including liquids, creams, gels, sprays, injectables, tablets, capsules and drug-device combinations.

- The Company has a comprehensive basket of 584 ANDAs, 41 NDAs and 1 BLA filed and 427 ANDAs and 36 NDAs approved across multiple therapies.

- As of March 31, 2017, Sun Pharma had 157 ANDAs, 5 NDAs and 1 BLA pending USFDA approval. This pipeline includes a combination of complex generics, First-to-File opportunities and normal generics, as well as specialty products.

Table 7

US business milestones

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

Performance highlights, FY17

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

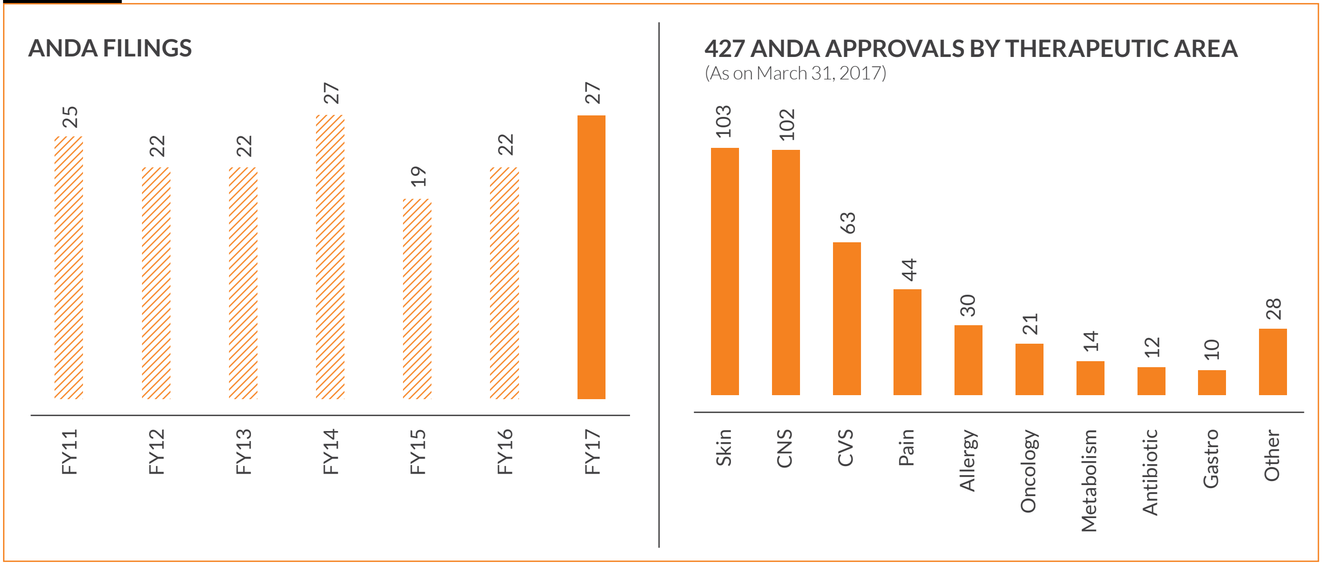
▸ Key contributors to revenues include Imatinib Mesylate Tablets (therapeutic equivalent to Gleevec® for indications approved by the USFDA). This product enjoyed the benefit of 180-day marketing exclusivity in the US, which commenced in February 2016 and expired in July 2016 post which, generic competition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

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

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

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

Chart 10



Outlook and future focus

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

INDIAN BRANDED GENERIC BUSINESS

26%
Revenue contribution

₹ 77 Bn
Revenue from division

22%
FY12-17 Revenue CAGR

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

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

(As on March 31, 2017)

Overview

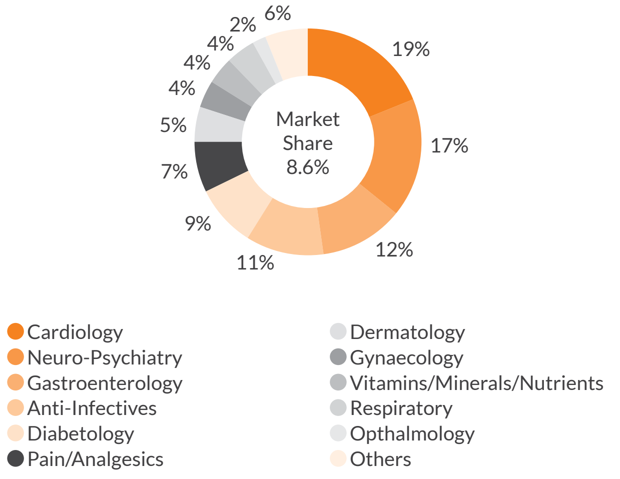
- Sun Pharma is India's largest pharmaceutical company with 8.6% market share. It is one of leaders in the chronic segment and enjoys strong positioning in acute segment. It specialises in technically complex products, offering a comprehensive therapy basket.
- The Company owns 30 brands of the top 300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

Performance highlights, FY17

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

Chart 11

THERAPEUTIC REVENUE BREAK-UP[9]



Corporate Office

Table 8

Leadership in prescription rankings[10]

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

Outlook and future focus

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

EMERGING MARKETS

15%
Revenue contribution

₹ 45 Bn
Revenue from division

100+ countries
Presence across emerging markets

(As on March 31, 2017)

Overview

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

Performance highlights, FY17

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

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

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

REST OF THE WORLD

9% Revenue contribution

₹ 26 Bn Revenue from division

(As on March 31, 2017)

Overview

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

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

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

Performance highlights, FY17

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

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

Outlook and future focus

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

- Improve profitability in developed European markets.

ACTIVE PHARMACEUTICAL INGREDIENTS (API) BUSINESS

5% Revenue contribution

₹ 16 Bn Revenue from division

21% FY12-17 Revenue CAGR

14 API manufacturing units

291 DMF/CEP approvals

428 DMF/CEP filings

As on March 31, 2017

Overview

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

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

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

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

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

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

Outlook and future focus

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

- Ensure long-term supply relationships with global customers.

GLOBAL CONSUMER HEALTHCARE BUSINESS

17
Key brands

2,500+
Sales and distribution representatives in India

20+
Country presence

300,000+
Outlets in India

67,000+
Retail pharmacies internationally

Top 10
OTC company in three markets

Overview

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

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

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

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

Key highlights, FY17

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

Outlook and future focus[5, 6]

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

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

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

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

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

R&D INNOVATION ORIENTED APPROACH

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

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

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

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

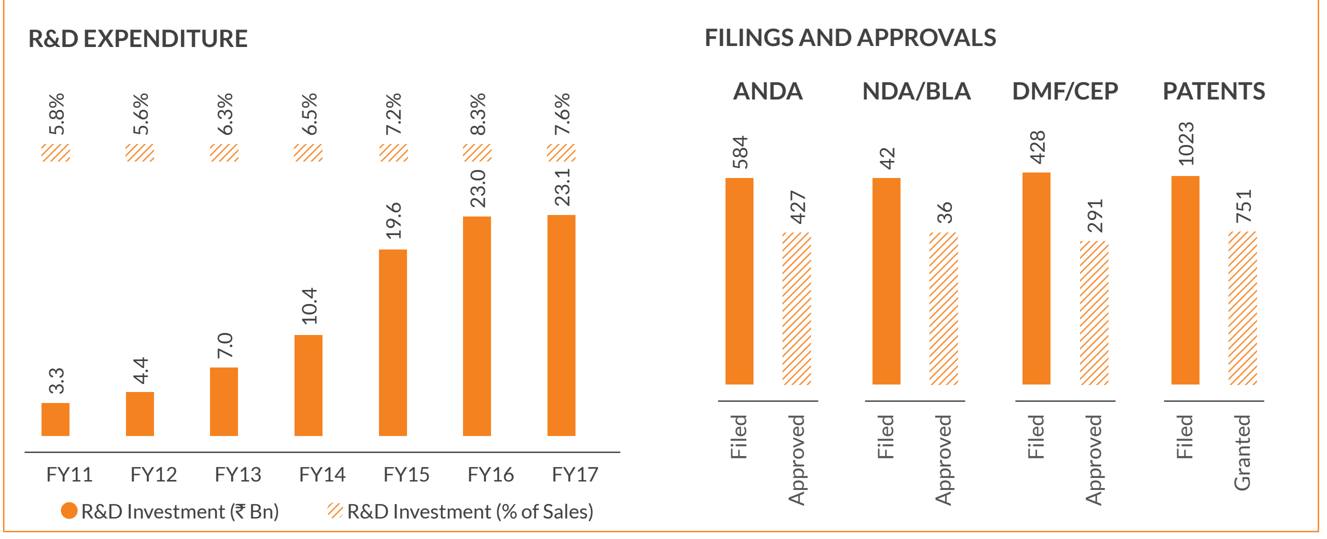
R&D investments are necessary for a company like Sun Pharma to maintain sustainable growth and enhance its market presence. Sun Pharma spent approximately 8% of sales, in FY17, on R&D. It believes that continuous investments in R&D will influence its overall performance positively. Going forward, it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

₹ 100 Bn

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

Research and Development Investment

Chart 12



(As of March 31, 2017)

Formulation Plant

584
Cumulative ANDAs filed

42
Cumulative NDA/BLA filed

428
DMF/CEP cumulative applications filed

1,023
Total patent applications submitted

27
ANDAs filed in FY17

29
DMFs filed in FY17

427
Cumulative ANDAs approved

36
Cumulative NDA/BLA approved

291
DMF/CEP cumulative applications approved

751
Total patents granted

18
ANDAs approved in FY17

15
DMFs approved in FY17

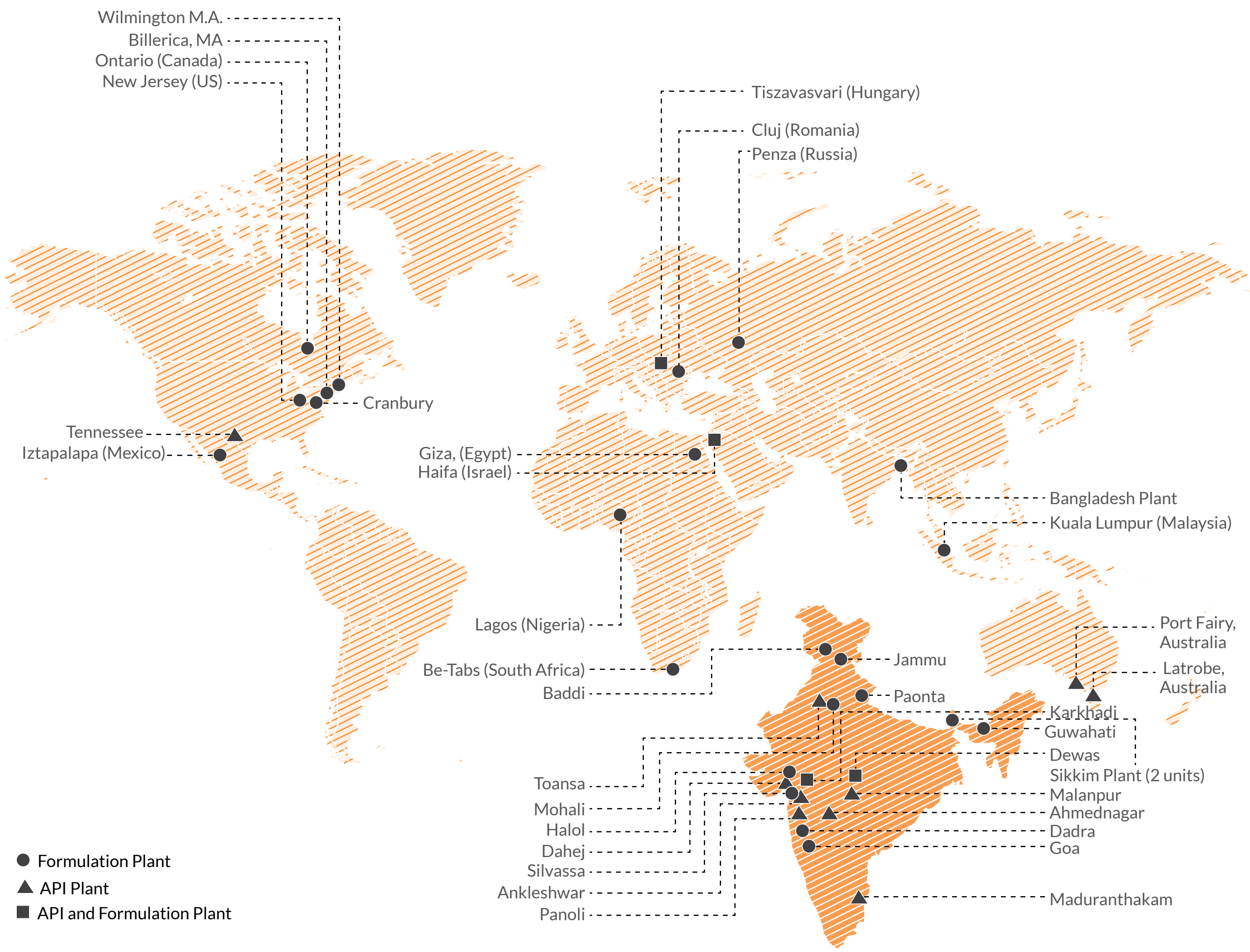
GLOBAL MANUFACTURING CAPABILITIES

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

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

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

GLOBAL MANUFACTURING FOOTPRINT



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

14 API manufacturing sites
- India: 9
- Australia: 2
- One each in Israel, US and Hungary

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

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

MANAGING TALENT

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

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

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

ADHERENCE TO QUALITY

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

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

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

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

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

INTERNAL CONTROL

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

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

DISCLAIMER

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

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BOARD'S REPORT

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

FINANCIAL RESULTS

(₹ in Million)

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

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

DIVIDEND

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

CHANGES IN CAPITAL STRUCTURE

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

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

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

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

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

SCHEME OF ARRANGEMENT FOR AMALGAMATION

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

EXTRACT OF ANNUAL RETURN

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

SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

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

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

Details pertaining to companies that became subsidiaries/ joint ventures /associates and those that ceased to be the subsidiaries/ joint ventures/ associates of the Company during the year are provided in Note 39 of the notes to the Consolidated Financial Statements, forming part of this Annual Report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

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

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

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

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

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

DECLARATION BY INDEPENDENT DIRECTORS

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

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

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

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

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

NUMBER OF MEETINGS OF THE BOARD

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

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

During the year, the evaluation of the annual performance of individual directors including the Chairman of the Company and Independent Directors, Board and Committees of the Board was carried out under the provisions of the Act and relevant Rules and the Corporate Governance requirements as prescribed under Regulation 17 of Listing Regulations, 2015 and the circular issued by SEBI dated January 5, 2017 with respect to Guidance Note on Board Evaluation. The Nomination and Remuneration Committee had approved the indicative criteria for the evaluation based on the SEBI Guidance Note on Board Evaluation.

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

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

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, experience of Director, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the management from the Board etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as mandate and composition, effectiveness of the committee, structure of the committee and meetings, independence of the committee from the Board and contribution to decisions of the Board. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as knowledge and competency, fulfillment of functions, availability and attendance, initiative integrity contribution and commitment, independence, independent views and judgement etc.

HUMAN RESOURCES

Your Company recognises that employees are the most valuable resource and endeavors to enable its employees to meet business requirements while meeting their career aspirations. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organisation. It continues to focus on progressive employee relations policies and building a high-performance culture with a growth mind-set where employees are engaged, productive and efficient. Globally the Company (including subsidiary and associate companies) has a dedicated human capital of over 30,000 employees at various locations across our Corporate Office, R & D Centers & more than 42 active Manufacturing locations, dedicated Sales Professionals across various geographies. Your Directors would also like to take this opportunity to express their appreciation for the hard work and commitment of the employees of the Company and look forward to their continued contribution. Information as per Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **"Annexure B"** to this report. Further, the information pertaining to 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the names and other particulars of employees is available for inspection at the Registered office of the Company during business hours and pursuant to the proviso to Section 136 (1) of the Act, the report and the accounts are being sent to the members excluding this. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/Compliance Officer at Corporate office or Registered office address of the Company.

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

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

AUDITORS

Statutory Auditors

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

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

Secretarial Auditor

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

Cost Auditor

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

LOANS, GUARANTEES & INVESTMENTS

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

RELATED PARTY TRANSACTIONS

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

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

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

AUDIT COMMITTEE COMPOSITION

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

RISK MANAGEMENT

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

INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

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

DIVIDEND DISTRIBUTION POLICY

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

PUBLIC DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as prescribed under Part B of Schedule V read with Regulation 34 (3) of the Listing Regulations, 2015 is provided in a separate section and forms a part of this Report.

CORPORATE GOVERNANCE REPORT

Report on Corporate Governance and Certificate of the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Part C of Schedule V of the Listing Regulations, 2015, are enclosed as a separate section and forms a part of this Report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **"Annexure F"**.

EMPLOYEES' STOCK OPTION SCHEMES

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

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

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

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of loss of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a going concern basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

CONSOLIDATED ACCOUNTS

The consolidated financial statements for the year ended March 31, 2017 has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the previous year ended March 31, 2016. Further, the Company has prepared the opening consolidated balance sheet as at April 1, 2015 (the transition date) in accordance with Ind AS.

CREDIT RATING

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

BUSINESS RESPONSIBILITY REPORTING

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Israel Makov
Chairman

May 26, 2017
Mumbai

ANNEXURE - A

FORM MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2017
Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L24230GJ1993PLC019050
ii)	Registration date	March 1, 1993
iii)	Name of the Company	Sun Pharmaceutical Industries Limited
iv)	Category/ Sub-category of the Company	Company Limited By Shares
v)	Address of the Registered Office and Contact details	SPARC, Tandalja, Vadodara 390020, Gujarat
	Contact no of registered office	0265-6615500
vi)	Whether listed company	Yes
vii)	Name, Address, and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186270

II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

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

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

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

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

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

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

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

i) Category-wise shareholding

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

i) Category-wise shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c)	Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
d)	Others (specify)	296456469	380453	296836922	12.33	30411920	375280	30787200	1.28	-11.05
i)	Non Resident Indians(Repat)	3151491	380453	3531944	0.15	4019379	375280	4394659	0.18	0.04
ii)	Non Resident Indians(Non-Repat)	2005185	0	2005185	0.08	2281621	0	2281621	0.10	0.01
iii)	Foreign Companies	813962	0	813962	0.03	813562	0	813562	0.03	0.00
iv)	Clearing Member	1653586	0	1653586	0.07	1770770	0	1770770	0.07	0.01
v)	Directors/ Relatives	3794306	0	3794306	0.16	3784017	0	3784017	0.16	0.00
vi)	Trusts	8902546	0	8902546	0.37	13847725	0	13847725	0.58	0.21
vii)	Foreign Portfolio Investor (Corporate)	272477175	0	272477175	11.32	0	0	0	0.00	-11.32
viii)	Overseas Corporate Bodies	59440	0	59440	0.00	59440	0	59440	0.00	0.00
ix)	Foreign Nationals	31042	0	31042	0.00	23000	0	23000	0.00	0.00
x)	Hindu Undivided Family	3567736	0	3567736	0.15	3812406	0	3812406	0.16	0.01
Sub total (B) (2)		**492332559**	**12509159**	**504841718**	**20.98**	**279237075**	**11703665**	**290940740**	**12.13**	**-8.85**
Total Public shareholding Public Group (B)= (B)(1)+(B)(2)		**1068524406**	**15057900**	**1083582306**	**45.03**	**1080153028**	**14252406**	**1094405434**	**45.62**	**0.59**
C	**Shares held by Custodian for GDRs & ADRs**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Employee Benefit Trust under SEBI(Share based employee benefit)Regulations, 2014	**123381**	**0**	**123381**	**0.01**	**30366**	**0**	**30366**	**0.00**	**0.00**
GRAND TOTAL (A)+(B)+(C)		**2391658599**	**15069900**	**2406728499**	**100.00**	**2385026775**	**14264406**	**2399291181**	**100.00**	**0.00**

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

*includes Promoter Group

ii) Shareholding of Promoter as on March 31, 2017

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Dilip S. Shanghvi	231140480	9.6	0	230285690	9.6	0	0.0

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

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

Sr. no			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	Dilip S. Shanghvi	At the beginning of the year	231140480	9.6	231140480	9.6
	Date wise Increase / Decrease in Share holding of equity shares	Decrease of 854790 equity shares due to surrender of equity shares in Buyback of equity shares by the Company on October 18, 2016	(854790)	0.0	230285690	9.6
		At the end of the year	-	-	230285690	9.6

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

Sr. no	For Each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	Viditi Investment Private Limited	At the beginning of the year	201385320	8.4	201385320	8.4
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(538958)	0.0	200846362	8.4
		At the end of the year	-	-	200846362	8.4
2	Tejaskiran Pharmachem Industries Private Limited	At the beginning of the year	195343760	8.1	195343760	8.1
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(522789)	0.0	194820971	8.1
		At the end of the year	-	-	194820971	8.1
3	Family Investment Private Limited	At the beginning of the year	182927440	7.6	182927440	7.6
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(489560)	0.0	182437880	7.6
		At the end of the year	-	-	182437880	7.6
4	Quality Investments Pvt. Ltd.	At the beginning of the year	182868640	7.6	182868640	7.6
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(489403)	0.0	182379237	7.6
		At the end of the year	-	-	182379237	7.6

Sr. no	For Each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
5	Virtuous Finance Private Limited	At the beginning of the year	97104040	4.0	97104040	4.0
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(252219)	0.0	96851821	4.0
		At the end of the year	-	-	96851821	4.0
6	Life Insurance Corporation of India	At the beginning of the year	68878684	2.9	68878684	2.9
	Date wise Increase / Decrease in Share holding	Various dates during the year*	21050467	0.9	89929151	3.8
		At the end of the year	-	-	89929151	3.8
7	Virtuous Share Investments Private Limited	At the beginning of the year	83976000	3.5	83976000	3.5
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(224741)	0.0	83751259	3.5
		At the end of the year	-	-	83751259	3.5
8	Aditya Medisales Limited	At the beginning of the year	40203960	1.7	40203960	1.7
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(50000)	0.0	40153960	1.7
		At the end of the year	-	-	40153960	1.7
9	Government of Singapore	At the beginning of the year	39779172	1.7	39779172	1.7
	Date wise Increase / Decrease in Share holding	Various dates during the year*	4167695	0.2	35611477	1.5
		At the end of the year	-	-	35611477	1.5
10	Raksha S.Valia	At the beginning of the year	33922000	1.4	33922000	1.4
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(91648)	0.0	33830352	1.4
		At the end of the year	-	-	33830352	1.4

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

V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: (HELD SINGLY OR JOINTLY AS FIRST HOLDER)

Sr. no	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	Israel Makov	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0
2	Dilip S. Shanghvi	At the beginning of the year	231140480	9.6	231140480	9.6
		Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(854790)	0.0	230285690	9.6
		At the end of the year	-	-	230285690	9.6
3	Sudhir V. Valia	At the beginning of the year	14384000	0.6	14384000	0.6
		Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(38981)	0.0	14345019	0.60
		At the end of the year	-	-	14345019	0.6
4	Sailesh T. Desai	At the beginning of the year	3751020	0.2	3751020	0.2
		Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(10273)	0.0	3740747	0.2
		At the end of the year	-	-	3740747	0.2
5	Kalyanasundaram Subramanian	Shares held as on 14.02.2017 the date of becoming Director	37	0.0	37	0.0
		Sold in March, 2017	(37)	0.0	0	0.0
		At the end of the year	-	-	0	0.0
6	S. Mohanchand Dadha	At the beginning of the year	16	0.0	16	0.0
		Transferred as per Partition Deed of HUF on 20.12.2016	(16)	0.0	0	0.0
		At the end of the year	-	-	0	0.0
7	Hasmukh S. Shah	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0
8	Keki M. Mistry	At the beginning of the year	43270	0.0	43270	0.0
		At the end of the year	-	-	43270	0.0
9	Ashwin S. Dani	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0
10	Rekha Sethi	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0
11	Uday Baldota	At the beginning of the year	22700	0.0	22700	0.0
		At the end of the year	-	-	22700	0.0
12	Sunil R. Ajmera	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0

V) INDEBTEDNESS

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

₹ in Million

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

Notes:

(1) Interest accrued but not due on borrowings. The change during the year has been shown on net basis.

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

(3) Change in the Working Capital facility viz. Cash Credit and Over Draft forming part of Secured & Unsecured loans, have been shown on net basis.

(4) Ind AS adjustment in the outstanding as on March 31, 2017 of External Commercial Borrowings & Commercial Papers are shown as reduction in principal amount.

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager for the year ended March 31, 2017

(As per Form 16, on actual payment basis)

Amount in ₹

Sr. no.	Particulars of Remuneration	Mr. Dilip S. Shanghvi	Mr. Sudhir V. Valia	Mr. Sailesh T Desai	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	28005000	28005000	11597393	67607393
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	440281	219690	39600	699571
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0

Amount in ₹

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

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

Ceiling as per the Act

₹ 3.04 Crores as computed as per Part-A, Section II of Schedule V of the Companies Act, 2013 read with MCA circular dated September 12, 2016, based on the effective capital of the last day of financial year preceding the financial year of the respective year of appointment of the Managing Director and Whole-time Directors in view of absence of profits for 2016-17.

Pursuant to the approval of the Shareholders at the 22nd Annual General Meeting (AGM), the Company had applied to the Central Government under Section 197(3) read with Schedule V of the Companies Act, 2013 for approval of maximum limit of remuneration as approved by members for a period of three years with effect from April 1, 2014 to March 31, 2017.

Further at the 24th AGM, the members' approval was also obtained for revision in the remuneration of the Managing Director and the Whole-time Directors from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, as applicable. Consequently during the year, an application/representation for revision in the remuneration of the Managing Director and a Whole-time Director, from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, as applicable, has been made by the Company to the Ministry of Corporate Affairs (MCA).

However, the approval granted by the Central Government was for ₹ 60,00,000 (Rupees Sixty Lakhs only) per annum for a period of three years with effect from April 1, 2014 to March 31, 2017. The Company has made further representation, to the Central Government for reconsidering the approval on additional grounds for which the response from the MCA is awaited.

Further the approval in respect of the foregoing re-representation and application for revision in remuneration from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, is also awaited from the MCA. In view of the approval for application of revision in remuneration being awaited, for the year 2016-2017, the Company has paid remuneration within the ceiling limit as mentioned above to the Managing Director and Whole-time Director(s). On receipt of the approval from the Central Government of India, the balance amount of remuneration for the year 2016-17, if any, as per their entitlement, shall be paid to the Managing Director and Whole-time Director(s), as applicable, and the same shall be given effect to in the year in which the approval is received. Excess remuneration, if any, after final approval in respect of the application for revision is received, shall be refunded by the respective Managing Director and Whole-time Directors.

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

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

Amount in ₹

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

Amount in ₹

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

C) **Remuneration to Key Managerial Personnel other than MD/Manager/WTD (As per form 16, on actual payment basis)**

₹ in Million

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sunil Ajmera (Company Secretary)	Mr. Uday Baldota (Chief Financial Officer)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.72	41.78	53.50
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.03	0.74	0.77
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission as % of profit	0	0	0
5	Others, please specify	0	0	0
	Total	**11.75**	**42.52**	**54.27**

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Israel Makov
Chairman

May 26, 2017
Mumbai

ANNEXURE - B

INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

(i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17:

Name of Director and Key Managerial Personnel	Designation	Ratio of remuneration[1] of each Director to median remuneration of employees	% increase /(decrease) in Remuneration[1] in the Financial Year 2016-2017
Mr.Israel Makov	Non-executive Chairman	2.30	11.1%
Mr. Dilip S. Shanghvi [2]	Managing Director	90.40	15.0%
Mr. Sudhir V. Valia [2]	Whole-Time Director	90.40	15.0%
Mr. Sailesh T. Desai [2]	Whole-Time Director	31.89	15.0%
Mr. Kalyanasundaram Subramanian[3]	Whole-Time Director	-	Not Applicable
Mr. S. Mohanchand Dadha	Non-executive, Independent Director	3.91	6.3%
Mr. Hasmukh S. Shah	Non-executive, Independent Director	3.91	(10.5)%
Mr. Keki M. Mistry	Non-executive, Independent Director	3.68	45.5%
Mr. Ashwin S. Dani	Non-executive, Independent Director	2.30	25.0%
Ms. Rekha Sethi	Non-executive, Independent Director	2.99	18.2%
Mr. Uday Baldota[4]	Chief Financial Officer	Not Applicable	29.0%
Mr. Sunil Ajmera[4]	Company Secretary	Not Applicable	23.3%

[1] Remuneration to Non Executive Directors consists only of sitting fees and is based on the number of meetings attended during the year. No commission was paid to Non-Executive Directors for the year 2016-17.

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

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

[4] Remuneration is as per Form 16

.

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

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

(iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

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

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

For and on Behalf of Board of directors

May 26, 2017
Mumbai

Israel Makov
Chairman

ANNEXURE - C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017.

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India ("SEBI") Act, 1992:
   a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
   e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **Not applicable to the Company for the year under review;**
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the year under review;**
   h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – **Not applicable to the Company;**
   i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company for the year under review;**

We have also examined compliance with the applicable clauses of the following:

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

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

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

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.

2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

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

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

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

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

ANNEXURE 1

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

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

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

4. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

ANNEXURE - D

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

Details	Particulars
1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken	The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. The Company has identified health, education & livelihood, environment protection, water management and disaster relief as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass-root level during the year.
2. Reference to the web-link to the CSR policy and projects or programmes	The CSR policy can be accessed through the web link http://www.sunpharma.com/policies and details on projects and programmes are forming part of this Annual Report
3. Composition of the CSR Committee	Mr. Dilip S. Shanghvi : Chairman, Mr. Sudhir V. Valia: Member and Ms. Rekha Sethi: Member
4. Average net profit of the Company for last three financial years	The average net profits of the Company for the last three financial years was negative, due to loss incurred in last preceeding three years
5. Prescribed CSR Expenditure (two percent of the amount as in item four above)	Since, the average net profits of the Company for the last three financial years was negative, the Company was not required to spend on CSR activities during the previous year. However, the Company has voluntarily spent on CSR activities.
6. Details of CSR spend for the financial year	
a) Total amount spent for the financial year	₹ 24.09 Million
b) Amount unspent, if any	Nil
c) Manner in which the amount spent during the financial year	Details given below:

(₹ in Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and District where projects or programs was undertaken	Amount Outlay (Budget) Project or Programwise	Amount spent on the projects or programs (Direct Expenditure)	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
1	Mobile Medical Unit (MMU) Programme	Healthcare	Halol (Panchmahal, Gujarat), Ahmednagar, (Maharashtra), Mohali (SAS Nagar, Punjab), Dewas (Madhya Pradesh), Toansa (SBS Nagar, Punjab) and Paonta (Sirmour district, Himachal Pradesh)	29.06	15.10	47.90	Implementing Agency 1. Sun Pharma Community Healthcare Society 2. HelpAge India
2	Healthcare Programme	Healthcare	Halol (Panchmahal, Gujarat), Madurantakam (Kanchipuram, Tamilnadu), Silvassa (UT of Dadra & Nagar Haveli) and Toansa (SBS Nagar, Punjab)	0.60	0.60	0.60	Directly
3	Educational Programme	Education	Ahmednagar (Maharashtra), Ankleswar and Panoli (Bharuch district, Gujarat), Halol (Panchmahal, Gujarat), Madurantakam (Kanchipuram district, Tamilnadu), Silvassa (UT of Dadra & Nagar Haveli) , Toansa (SBS Nagar, Punjab)	3.71	3.71	3.71	Directly

(₹ in Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and District where projects or programs was undertaken	Amount Outlay (Budget) Project or Programwise	Amount spent on the projects or programs (Direct Expenditure)	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
4	Sanitation Programme	Healthcare	Ahmednagar (Maharashtra), Madurantakam (Kanchipuram district, Tamilnadu) and Panoli (Bharuch dsitrict, Gujarat)	1.42	0.79	5.19	Directly
5	Environment Conservation Programme	Environment	Panoli (Bharuch district, Gujarat)	0.90	0.92	1.06	Directly
6	Rural Development	Rural development	Paonta (Sirmour, Himachal Pradesh), Toansa (SBS Nagar, Punjab) and Madurantakam (Kanchipuram district, Tamilnadu)	2.97	2.97	2.97	Directly
Grand Total :					**24.09**	**61.43**	

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

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 26, 2017

DILIP S. SHANGHVI
Chairman - CSR Committee
and Managing Director

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

CSR ACTIVITIES

Sun Pharma has taken-up various CSR Projects across plant locations in India for sustainable development of people residing in peripheral areas. Our main objective is to emphasise on social process, quality and ensuring the sustainability, hence our implementation approach is strategic in nature, is more inclined towards the sustainability of the projects, addressing community needs, focussing poorest of the poor, downtrodden, and disadvantaged, BPL and weaker sections of society.

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

At Sun Pharma, our social responsibility programmes mainly focussed upon Health, Education, Drinking water, Environment and Rural Development Projects, which are designed to improve the quality of life of the people.

Vision :

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

1. Health Projects

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

Mobile Medical Unit Programme

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

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

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

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

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

Health infrastructure development and Drinking water Projects

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

2. Educational Programme

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

3. Sanitation Project

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

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

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

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

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

4. Green Belt Development

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

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

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

5. Rural Development

Strengthening Public Distribution System

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

Installation of traffic Signals

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

Construction of road divider and drainage line

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

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

ANNEXURE - E

DIVIDEND DISTRIBUTION POLICY

1. OBJECTIVES AND SCOPE:

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

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

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

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

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

The Policy shall not apply to:

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

2. RELEVANT REGULATIONS

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 8, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalisation calculated as on the 31st day of March of every year. The Company, being one of the top five hundred listed Companies in India on the basis of market capitalisation, requires to comply with the requirements of Regulation 43A.

3. EFFECTIVE DATE

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

4. CATEGORY OF DIVIDENDS

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

5. PAYMENT OF DIVIDEND FROM RESERVES

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

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

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

Accumulated Losses, if any

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

Operating cash flow of the Company

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

Transfer to Reserves and other Statutory Requirements

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

Covenants with lenders/ Debenture Trustees, if any

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

Prudential & Strategic requirements

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

Expectations of major stakeholders, including small shareholders

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

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

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

Return on invested capital

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

Magnitude of earnings of the Company

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

Cost of borrowings

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

Obligations to creditors

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

Adequacy of profits

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

Post dividend Earning Per Share (EPS)

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

8. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

▸ Internal Factors

- Product/ Project expansion plan

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

- General Working capital requirement

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

- Past performance/ reputation of the Company

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

▸ External Factors

- Macroeconomic conditions

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

- Capital Market

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

- Statutory Restrictions

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

- Tax implications

Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend shall have bearing on the quantum of Dividend declared by the Company.

9. RANGE OF DIVIDEND PAY-OUT

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

10. MANNER OF UTILISATION OF RETAINED EARNINGS

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

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

11. REVIEW AND AMENDMENT

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

ANNEXURE - F

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

1. Steps taken or impact on Conservation of Energy

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

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

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

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

3. Capital investment on energy conservation equipments

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

B. TECHNOLOGY ABSORPTION

a. Research and Development

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

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

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

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

The R&D team also works on products that are based on complex drug delivery systems. Complex products like steroids, sex hormones, peptides, carbohydrates immunosuppressant, carbapenems, anticancer, anti-diabetic, cardiovascular and antivirals, which require special skills and technology are developed and scaled up for both API and dosage forms. This complete integration for some products helps to deliver advanced products to the market faster at competitive pricing.

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

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

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

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

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

3. Future plan of action

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

4. Expenditure on R&D

₹ in Million

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

b. Technology Absorption, Adaptation and Innovation

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

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

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

Process robustness has been implemented for wide range of products which has resulted in positive outcomes with respect to cost and increase in process capability.

Novel compact dosage forms having differentiation with regards to improved stability and/or reduced pharmacokinetic variability have been developed for India market. Stable liquid oral formulations of labile products are in advanced stages of product development.

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

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

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

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

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

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ in Million

		Year ended March 31, 2017	Year ended March 31, 2016
1.	Earnings	44,118.1	42,171.0
2.	Outgo	24,484.1	21,582.6

For and on behalf of the Board of Directors

Israel Makov
Chairman

May 26, 2017
Mumbai

CORPORATE GOVERNANCE

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015"), the Company submits the Corporate Governance Report for the year ended March 31, 2017.

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 ten Directors

Composition and category of Directors is as follows:

Category of Directors	Name of the Directors	Inter-se Relationship between Directors
Non-Promoter 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)	-
	Mr. Kalyanasundaram Subramanian* (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	-

*Mr. Kalyanasundaram Subramanian was appointed as Additional Director and Whole -time Director of the Company w.e.f. February 14, 2017.

Number of Board Meetings held during the year ended March 31, 2017 and the dates on which held:

Six Board meetings were held during the year. The dates on which the meetings were held during the year ended March 31, 2017 are as follows:

May 30, 2016, June 23, 2016, August 12, 2016, September 17, 2016, November 10, 2016 and February 14, 2017.

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 March 31, 2017		*No. of other Directorships and Committee Memberships / Chairmanships as of March 31, 2017		
	Board Meetings	Last AGM held on September 17, 2016	Other Directorships	Committee Memberships**	Committee Chairmanships**
Mr. Israel Makov	6	Yes	-	-	-
Mr. Dilip S. Shanghvi	5	Yes	1	-	-
Mr. Sudhir V. Valia	5	No	4	2	-
Mr. Sailesh T. Desai	6	Yes	2	-	-
Mr. Kalyanasundaram Subramanian	1#	Not Applicable	1	-	-
Mr. S. Mohanchand Dadha	6	Yes	3	1	1
Mr. Hasmukh S. Shah	5	Yes	1	-	1
Mr. Keki M. Mistry	5	No##	9	4	4
Mr. Ashwin S. Dani	4	No	5	2	1
Ms. Rekha Sethi	6	Yes	3	1	1

*The above list of other directorships does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 8 Companies.

** The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committee only.

Mr. Kalyanasundaram Subramanian was appointed as an Additional Director and a Wholetime Director of the Company w.e.f. February 14, 2017 and therefore entitled to attend only one board meeting.

##Mr. Keki Mistry, Chairman of the Audit Committee and Nomination and Remuneration Committee could not attend the last Annual General Meeting of the Company due to his prior commitments. However, he appointed Mr. Hasmukh Shah, member of the Audit Committee and Ms. Rekha Sethi, member of the Nomination & Remuneration Committee to answer to the shareholders' queries on his behalf at the Annual General Meeting.

3. CODE OF CONDUCT

The Board of Directors has laid down a Global Code of Conduct for all Board members, and all employees, including the senior management of the Company. All the Directors and senior management have affirmed compliance with the Global 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 as Annexure 'A' to the Corporate Governance Report. The code of conduct has been posted on the website of the Company 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 meets with the requirements as laid down under Section 177 of the Companies Act, 2013 and also of Regulation 18 of the Listing Regulations, 2015. 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, scrutiny of inter-corporate loans, review of internal financial control and risk management, review functioning of Whistle Blower/Vigil Mechanism, approval of appointment of CFO, and also statutory compliance issues, etc.

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, whenever necessary.

The Committee has discussed with the Statutory and Internal auditors about 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 Regulation 18 of the Listing Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

Six Audit Committee Meetings were held during the year ended March 31, 2017. The dates on which the Meetings were held are as follows:

May 14, 2016, May 30, 2016, June 23, 2016, August 12, 2016, November 10, 2016 and February 14, 2017. 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	6
Mr. S. Mohanchand Dadha	Member	5
Mr. Hasmukh S. Shah	Member	5
Mr. Ashwin S. Dani	Member	5

5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently comprises of three Directors viz. Mr. Keki Mistry, Mr. Israel Makov and Ms. Rekha Sethi. Mr. Keki M. Mistry is the Chairman of the Committee. The constitution of the Nomination and Remuneration Committee meets with the requirements of Section 178 of the Companies Act, 2013 as also the requirements laid down in Regulation 19 of the Listing Regulations, 2015. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee.

The terms of reference of the Nomination and Remuneration Committee inter alia include; to determine the Company's policy on specific remuneration packages for executive directors, to review, recommend and/or approve remuneration to Whole-time Directors, to review and approve the Remuneration Policy of the Company, to formulate criteria for evaluation of Independent Directors and the Board, to devise a policy on Board Diversity, to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board the appointment or removal of such persons and to discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time.

The Nomination and Remuneration Committee had devised criteria for evaluation of performance of the Directors including Independent Directors. The said criteria provides certain parameters like knowledge, competency, fulfillment of functions, availability and attendance, initiative, integrity, contribution, independent views and judgment, which are in compliance with applicable laws, regulations and guidelines.

Four Nomination and Remuneration Committee Meetings were held during the year ended March 31, 2017. The dates on which the meetings were held are as follows:

May 30, 2016, August 12, 2016, November 10, 2016 and February 14, 2017. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Nomination and Remuneration Committee Meetings attended
Mr. Keki M. Mistry	Chairman	4
Mr. Israel Makov	Member	4
Ms. Rekha Sethi	Member	4

The Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company has been annexed as Annexure 'B' to the Corporate Governance Report.

6. REMUNERATION OF DIRECTORS

The Managing Director's and Whole-time Directors remuneration is approved by the Board, as per recommendation of the Nomination and Remuneration Committee within the overall limit fixed by the shareholders at their meetings.

The Non-Executive Directors of the Company are entitled to commission, if and to the extent approved by the Board, of 1% as approved by the members, in addition to the sitting fees of ₹ 100,000/- payable to the Non-Executive Directors for attending each meeting of the Board and/or of Committee thereof. No commission was paid to Non-Executive Directors for the year 2016-17.

The details of Remuneration paid/payable to the Directors of the Company for the year ended March 31, 2017 are given below:-

(Amount in ₹)

Directors	Actual Remuneration/Sitting Fees for 2016-17				
	Salary *	Bonus	Perquisites** / Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	2,79,90,000	-	38,14,081	-	3,18,04,081
Mr. Sudhir V. Valia	2,79,90,000	-	35,93,490	-	3,15,83,490
Mr. Sailesh T. Desai	98,67,000	19,73,400	20,60,561	-	1,39,00,961
Mr. Kalsundaram Subramanian	-	-	-	-	-
Mr. Israel Makov	-	-	-	10,00,000	-
Mr. S. Mohanchand Dadha	-	-	-	17,00,000	-
Mr. Hasmukh S. Shah	-	-	-	17,00,000	-
Mr. Keki M. Mistry	-	-	-	16,00,000	-
Mr. Ashwin S. Dani	-	-	-	10,00,000	-
Ms. Rekha Sethi	-	-	-	13,00,000	-

* 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 as per Company policy, and gratuity at the end of tenure, as per the rules of the Company.

Pursuant to the approval of the Shareholders at the 22nd Annual General Meeting, the Company had applied to the Central Government under Section 197(3) read with Schedule V of the Companies Act, 2013 for approval of maximum limit of remuneration as approved by members, in view of inadequacy of profits. The approval granted by the Central Government was for ₹ 60,00,000 (Rupees Sixty Lakhs only) per annum for a period of three years with effect from April 1, 2014 to March 31, 2017. Pursuant to calculation as per Part-A of Section II of Schedule V of the Companies Act 2013 read with MCA circular dated September 12, 2016, in case of inadequate profits, based on the calculation of effective capital of our Company as on the last day of financial year preceding the financial year of the respective year of appointment of the Managing Director and Whole-time Directors, the Managing Director and Whole-time Directors are eligible for remuneration upto ₹ 3.04 Crores per annum, each without approval of the Central Government. Accordingly the Company had made several representations to the Central Government to approve the remuneration of the Managing Director and Whole-time Directors upto the aforesaid limit as calculated as per Schedule V. However the Ministry of Corporate Affairs/ Central Government reiterated the approval for remuneration of ₹ 60 Lakhs each per annum for the years from April 1, 2014 to March 31, 2017 for the Managing Director and Whole-time Directors. The Company has made further representation, to the Central Government for reconsidering the approval on additional grounds for which the response from the MCA is awaited.

Further at the 24th AGM, the members' approval was also obtained for revision in the remuneration of the Managing Director and the Whole-time Directors from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, as applicable. Consequently during the year, an application for revision in the remuneration of the Managing Director and a Whole-time Director, from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, as applicable, has been made by the Company to the Ministry of Corporate Affairs. The approval in respect of the foregoing application for revision is awaited from the Ministry of Corporate Affairs

In view of the approval for application of revision in remuneration being awaited, for the year 2016-2017, the Company has paid remuneration within the ceiling limit of ₹ 3.04 Crores, as mentioned above, to the Managing Director and Whole-time Director(s). On receipt of the approval from the Central Government of India, the balance amount of remuneration for the year 2016-17, if any, as per their entitlement, shall be paid to the Managing Director and Whole-time Director(s), as applicable, and the same shall be given effect to in the year in which the approval is received. Excess remuneration, if any, after final approval in respect of the application for revision is received, shall be refunded by the respective Managing Director and Whole-time Directors.

The details of remuneration that the Managing Director and the Whole-time Directors are entitled, the remuneration actually paid to them and the maximum limit of the remuneration as approved by the members are explained below:

Directors	Amount of remuneration including contribution to PF entitled for the year 2016-2017, as approved by the Board within the limit as approved by the members (excluding Perquisites such as reimbursement of electricity charges, motor vehicle charges, etc. which shall be taken at actuals)	Actual Amount Paid/ Provided, out of the amount entitled for the year 2016-2017 (including contribution to P.F. and Perquisites such as reimbursement of electricity charges, motor vehicle charges, etc. at actuals)	Amount of Remuneration paid for 2016-2017, after excluding Contribution to PF which is excluded for calculation of limit as per Schedule V of the Companies Act 2013	Maximum Remuneration* p.a. for the current tenure of appointment as approved by the Members, subject to approval of the Central Govt.,
Mr. Dilip Shanghvi**	3,92,93,367	3,18,04,081	2,84,45,281	5,64,00,000
Mr. Sudhir Valia	3,92,93,367	3,15,83,490	2,82,24,690	5,64,00,000
Mr. Sailesh Desai	1,38,61,361	1,39,00,961	1,27,16,921	1,54,00,000

Mr. Kalyansundaram Subramanian has been appointed as an additional and as a Whole-time Director of the Company with effect from February 14, 2017, without any remuneration.

*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, are not included in the computation of, ceiling on remuneration and perquisites as aforesaid.

**Commission to Managing Director: 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 as per the Act, as may be applicable from time to time. However no commission is paid to the Managing Director.

Notes: -

a) 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 agreement with Mr. Kalyansundaram Subramanian, Wholetime Director, would be entered into, after the 25th Annual General Meeting of the Company, will be for a period of 2 years wef February 14, 2017, and either party to the agreement would be entitled to terminate the agreement by giving to the other party notice of three months in writing.

b) The Company had formulated two Schemes for grant of stock options to the eligible employees of erstwhile Ranbaxy Laboratories Ltd., pursuant to the Scheme of Arrangement for merger of Ranbaxy Laboratories Ltd., into the Company. None of the Directors are entitled to stock options.

c) There is no separate provision for payment of severance fees to Whole-time Director(s).

d) The remuneration of Whole-time Directors consists only of fixed components.

e) The details of Equity Shares held by Non-Executive Directors as on March 31, 2017:

(Amount in ₹)

Director	No. of Equity Shares held (held singly or jointly as first holder)
Mr. Israel Makov	Nil
Mr. S. Mohanchand Dadha	Nil
Mr. Hasmukh S. Shah	Nil
Mr. Keki M. Mistry	43,270
Mr. Ashwin S. Dani	Nil
Ms. Rekha Sethi	Nil

7. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee presently comprises of Mr. S. Mohanchand Dadha, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia with Mr. Hasmukh S. Shah as the Chairman. The constitution of the Stakeholders' Relationship Committee meets with the requirements of Section 178 of the Companies Act, 2013 and also of Regulation 20 of the Listing Regulations, 2015. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee. 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 terms of reference of the Committee inter alia includes the following: To look into redressal of grievances of shareholders, debenture holders and other security holders of the Company, to consider and resolve grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc, to approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities, to oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services, to investigate any activity within its terms of reference, to seek information from share transfer agents, to obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary and have full access to the information contained in the records of the Company.

The Board has designated severally, Mr. Sunil R. Ajmera, Company Secretary and Mr. Ashok I. Bhuta, Sr. G.M - Secretarial as Compliance Officers.

Four Meetings of the Stakeholders' Relationship Committee were held during the year ended March 31, 2017. The dates on which Meetings were held are as follows: May 30, 2016, August 12, 2016, November 10, 2016 and February 14, 2017. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Stakeholders' Committee Meetings attended
Mr. Hasmukh S. Shah	Chairman	3
Mr. Sudhir V. Valia	Member	4
Mr. Dilip S. Shanghvi	Member	3
Mr. S. Mohanchand Dadha	Member	4

Investor Complaints:

The total numbers of complaints received and resolved to the satisfaction of shareholders during the year under review were 4.

8. COMMITTEE OF DIRECTORS (ALLOTMENT)

The Committee of Directors (Allotment) presently comprises of Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia, Mr. Sailesh T. Desai, Mr. S. Mohanchand Dadha and Mr. Hasmukh S. Shah. Mr. Sudhir V. Valia is the Chairman of the Committee and Mr. Sunil R. Ajmera, Company Secretary is the Secretary of the Committee.

Three meetings of the Committee of Directors (Allotment) were held during the year ended March 31, 2017. The dates on which Meetings were held are as follows:

May 2, 2016, November 22, 2016 and February 14, 2017. The attendance of each Member of the Committee is given below.

Name of the Director	Chairman / Member of the Committee	No. of Committee of Directors (Allotment) Meetings attended
Mr. Sudhir V. Valia	Chairman	1
Mr. Hasmukh S. Shah	Member	3
Mr. Sailesh T. Desai	Member	3
Mr. S. Mohanchand Dadha	Member	1
Mr. Dilip S. Shanghvi	Member	3

The Committee of Directors (Allotment) interalia has the following powers: To allot shares pursuant to ESOP Schemes and to issue the equity share certificates to the shareholders holding the shares in physical form, 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 Equity Shares of ₹1/- each

9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee presently comprises of Mr. Sudhir V. Valia, Ms. Rekha Sethi with Mr. Dilip Shanghvi as the Chairman. The constitution of the Corporate Social Responsibility Committee meets the requirements of section 135 of the Companies Act, 2013. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee. The terms of reference of the Corporate Social Responsibility Committee include to formulate and recommend to the Board, a Corporate Social Responsibility Policy, to monitor the Corporate Social Responsibility Policy of the Company from time to time, to recommend the amount of expenditure to be incurred on the activities, to monitor amount spent on the CSR initiatives of the Company as per the CSR policy, to discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time. The contents of the CSR Policy of the Company can be accessed through the web link: http://www.sunpharma.com/policies.

During the year ended March 31, 2017, two meetings of Corporate Social Responsibility Committee were held on May 30, 2016 and February 14, 2017. The attendance of each member of Committee is as follows:

Name of the Director	Chairman / Member of the Committee	No. of Corporate Social Responsibility Committee Meetings attended
Mr. Dilip S. Shanghvi	Chairman	1
Mr. Sudhir V. Valia	Member	2
Ms. Rekha Sethi	Member	2

10. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Dilip S. Shanghvi, Managing Director of the Company, Mr. Sudhir V. Valia, Whole time Director of the Company and Mr. Uday Baldota, CFO of the Company. The Chairman of the Committee is Mr. Dilip Shanghvi. The constitution of the Committee meets the requirements of Regulation 21 of the Listing Regulations, 2015. The terms of reference of the committee inter alia include: to formulate and recommend to the Board a Risk Management Plan/Policy, to implement, monitor and review the risk management plan for the Company, to recommend and implement procedures for risk assessment and minimisation, to monitor the Risk Management Policy of the Company from time to time, to discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee.

During the year ended March 31, 2017, two meetings of Risk Management Committee Meetings were held on November 9, 2016 and February 13, 2017. The attendance of each member of committee is as follows:

Name of the Director	Chairman / Member of the Committee	No. of Risk Management Committee Meetings attended
Mr. Dilip S. Shanghvi	Chairman	2
Mr. Sudhir V. Valia	Member	2
Mr. Uday Baldota	Member	2

11. SUBSIDIARY COMPANIES

In accordance with Regulation 16 of the Listing Regulations, 2015, Sun Pharma Laboratories Limited is a material Indian subsidiary Company (whose Debt Securities are listed on BSE) 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 Company and its subsidiaries in the immediately preceding accounting year.

Mr. S. Mohanchand Dadha, and Ms. Rekha Sethi, Independent Directors of the Company are also Directors on the Board of Sun Pharma Laboratories Limited, as per the requirements specified in Regulation 24 of the Listing Regulations, 2015.

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

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

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 policy for determining material subsidiaries of the Company is available on the website of the Company and can be accessed at http://www.sunpharma.com/policies.

12. GENERAL BODY MEETINGS

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

Year	Meeting	Location	Date	Time
2013-2014	Twenty-Second AGM	Sir Sayajirao Nagargruh, Akota, Vadodara- 390 020, Gujarat	September 27, 2014	12.00 noon
2014-2015	Twenty- Third AGM	Prof. Chandravadan C. Mehta Auditorium – General Education Center, Maharaja Sayajirao University of Baroda, Near D. N. Hall, PratapGunj, Vadodara-390002, Gujarat	October 31, 2015	9.45 a.m.
2015 –2016	Twenty- Fourth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 , Gujarat	September 17, 2016	11.15 a.m.

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

a) At Twenty-Second Annual General Meeting:

1. Approval under Section 186 of the Companies Act, 2013 upto a maximum limit of ₹ 500 Billion (Rupees Five Hundred Billion only).

2. Approval under Section 180 (1)(c) of the Companies Act, 2013 to borrow money on behalf of the Company upto a maximum limit of ₹ 500 Billion (Rupees Five Hundred Billion only).

3. Approval for further issue of securities 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)

4. Approval by members of the Company 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.

5. Approval by members of the Company 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.

6. Approval by members of the Company 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.

7. Approval by members of the Company 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.

8. Approval for the payment of Commission to Non-Executive Directors of the Company 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 Companies Act, 2013.

9. Approval to Mr. Aalok D. Shanghvi, who is relative of Director to hold office or place of profit under the Company for a period of five years from April 1, 2014, and remuneration (excluding reimbursement of expenses, if any) of ₹15,000,000/- (Rupees One Crore Fifty Lakhs Only) per annum.

b) At the Twenty-Third Annual General Meeting.

1. Approval for deletion of Clause 135 (bb) of the Articles of Association of the Company pursuant to Section 14 of the Companies Act, 2013.

2. Approval for further issue of securities 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).

c) At the Twenty-Fourth Annual General Meeting.

1. Approval for re-appointment of Mr. Ashwin Dani (DIN 00009126), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.

2. Approval for re-appointment of Mr. Keki M. Mistry (DIN 00008886), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.

3. Approval for re-appointment of Mr. Hasmukh Shah (DIN 00152195), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.

4. Approval for re-appointment of Ms. Rekha Sethi (DIN 06809515), as Independent Director of the Company for a further term of 5 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.

5. Approval for re-appointment of Mr. S Mohanchand Dadha (DIN 00087414), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.

6. Approval for ratification of the remuneration payable to M/s. Kailash Sankhlecha & Associates, Cost Accountants, as the Cost Auditors of the Company for audit of cost records maintained by the Company for the financial year 2016-17.

7. Approval for increase in maximum limit of remuneration payable to Mr. Dilip Shanghvi, Managing Director, with effect from April 1, 2016 for the remaining period of his present term of appointment upto March 31, 2018, and to consider approval for payment of the aforesaid remuneration as minimum remuneration in case inadequacy or absence of profits.

8. Approval for increase in maximum limit of remuneration to Mr. Sudhir Valia, Whole-time Director, and to consider approval for payment of the aforesaid remuneration as minimum remuneration with effect from April 1, 2016 for the remaining period of his present term of appointment upto March 31, 2019, in case inadequacy or absence.

9. Approval for increase in maximum limit of remuneration to Mr. Sailesh Desai, Whole-time Director, and to consider approval for payment of the aforesaid remuneration as minimum remuneration with effect from April 1, 2016 for the remaining period of his present term of appointment upto March 31, 2019, in case inadequacy or absence of profits.

10. Approval for adoption of new set of Articles of Association of the Company containing regulations/ provisions in line with the Companies Act, 2013.

Proposed Resolution to be Conducted through Postal Ballot:
As directed by the National Company Law Tribunal (NCLT), the Company has also provided the facility for voting by way of Postal Ballot for the approval of the Scheme of Arrangement among Sun Pharma Medisales Pvt Ltd., Ranbaxy Drugs Ltd., Gufic Pharma Ltd., and Sun Pharmaceutical Industries Ltd., vide Notice dated April 26, 2017 for convening the meeting of the Equity Shareholders and their respective shareholders and creditors

13. 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. Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transaction with the related parties as per Ind AS-24, are disclosed in the Annexure "A" attached to the Notes forming part of the Standalone Financial Statements for the year ended March 31, 2017.

- 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 on any matter related to capital markets, during the last three years.

- The Company has laid down procedures to inform Board members about the risk assessment and its minimisation, which is periodically reviewed to ensure that risk control is exercised by the management effectively.

- The Board of Directors of the Company has approved a whistle blower policy/vigil mechanism to monitor the actions taken on complaints received under the said policy. This policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrong-doing in the Company. Employees are given protection in two important areas - confidentiality and against retaliation. It is ensured that employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. An Ombudsperson/s has been appointed to receive the complaints through a portal or email or letters who would investigate the complaints with an investigating committee. The final decision would be taken by the Ombudsperson in consultation with the Management and the Audit Committee. The Policy is expected to help to draw the Company's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the organisation or for those affected by its functions. The details of establishment of vigil mechanism are available on the website of the Company. No personnel have been denied access to the Audit Committee.

- Details of the familiarisation programme of the independent directors are available on the website of the Company at http://www.sunpharma.com/policies

- During the year a separate meeting of the independent directors was held on February 14, 2017 inter-alia to review the performance of non-independent directors and the board as a whole.

- The policy on dealing with the related party transactions is available on the website of the Company and can be accessed at http://www.sunpharma.com/policies.

- The Company avails professional consultancy services from Makov Associates Ltd, in which Mr. Israel Makov, Non-Executive and Non-Independent Director of the Company is interested. Other than this, there are no pecuniary relationships of the Non-Executive Directors with the Company

- Details of compliance and Adoption/Non Adoption of the non- mandatory requirements for the year ended March 31, 2017:

(i) The Company complies with all the mandatory requirements specified under Listing Regulations, 2015.

(ii) The Chairman of the Company is a Non-Executive Director. The Company has provided a separate office for the Chairman at the corporate office of the Company and the Chairperson is also allowed reimbursement of expenses incurred in performance of his duties.

(iii) The Company did not sent half-yearly financial results including summary of the significant events in the last six months to the household of each shareholder as the financial results are published in the newspapers having country wise circulation and the same are also posted on the website of the Company and the websites of BSE and NSE.. However, the Company has started sending quarterly results alongwith summary of significant events from the 3rd quarter ended December 31, 2016 to the shareholders whose e-mail IDs are available with the Company. The press release which is widely published is also sent to the shareholders and is also put on the website of the Company.

(iv) The auditors have issued an unmodified opinion of the financial statements of the Company.

(v) The Company has separate position for Chairman and Managing Director

(vi) The Internal Auditor reports their findings to the Audit Committee of the Company.

14. MEANS OF COMMUNICATION

- **Website:** The Company's website www.sunpharma.com contains a separate dedicated section 'INVESTORS' where shareholders' information is available. The 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. These are also submitted to the Stock Exchanges in accordance with the listing requirements and published in all English Editions of "Financial Express' and Gujarati Edition of 'Financial Express' which is published in Ahmedabad. The Company has started sending quarterly results from the 3rd quarter ended December 31, 2016 to the shareholders whose e-mail IDs are registered with the Company .

- **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Board's Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis 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 are sent to shareholders as per records every year.

- **Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with the Stock Exchanges and are available on the website of BSE Ltd. - www.bseindia.com and National Stock Exchange of India Ltd. - www.nseindia.com.

15. GENERAL SHAREHOLDER INFORMATION

15.1 Annual General Meeting:

Date and Time	:	Tuseday, September 26, 2017 at 10:45 a.m.
Venue	:	Sir Sayajirao Nagargruh, Akota, Vadodara 390 020, Gujarat

15.2 Financial Calendar (tentative):

Results for quarter ending 30th June, 2017 – Second week of August 2017.
Results for quarter ending 30th September, 2017 – Second week of November 2017.
Results for quarter ending 31st December, 2017 – Second week of February 2018.
Audited Results for year ended 31st March, 2018 – Third or Fourth week of May 2018.

15.3 Details of Book-closure for Equity Shareholders:

From Wednesday, September 20, 2017 to Tuesday, September 26, 2017. (both days inclusive)

15.4 Dividend Payment Date:

On or before September 29, 2017

15.5 (i) Listing of Equity Shares on Stock Exchanges

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

(ii) Payment of Listing Fee

Listing Fees for the financial year 2017 -18 have been paid to BSE Limited and National Stock Exchange of India Limited, where the Company's Equity Shares continue to be listed.

15.6 Stock Code: Equity Shares

(a) Trading Symbol BSE Ltd. (Demat Segment)	SUNPHARMA 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

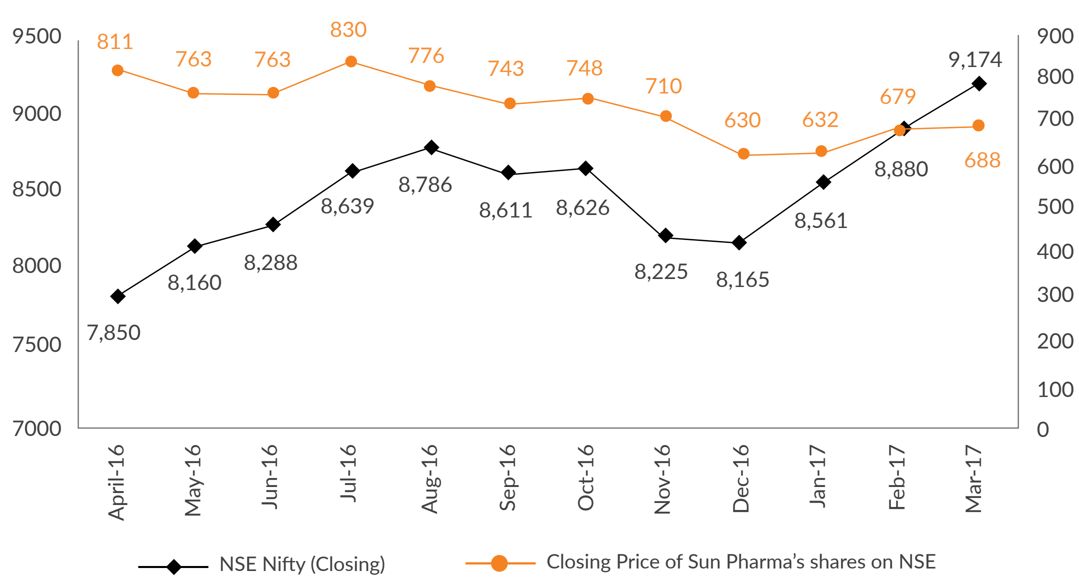
15.7 Stock Market Data -

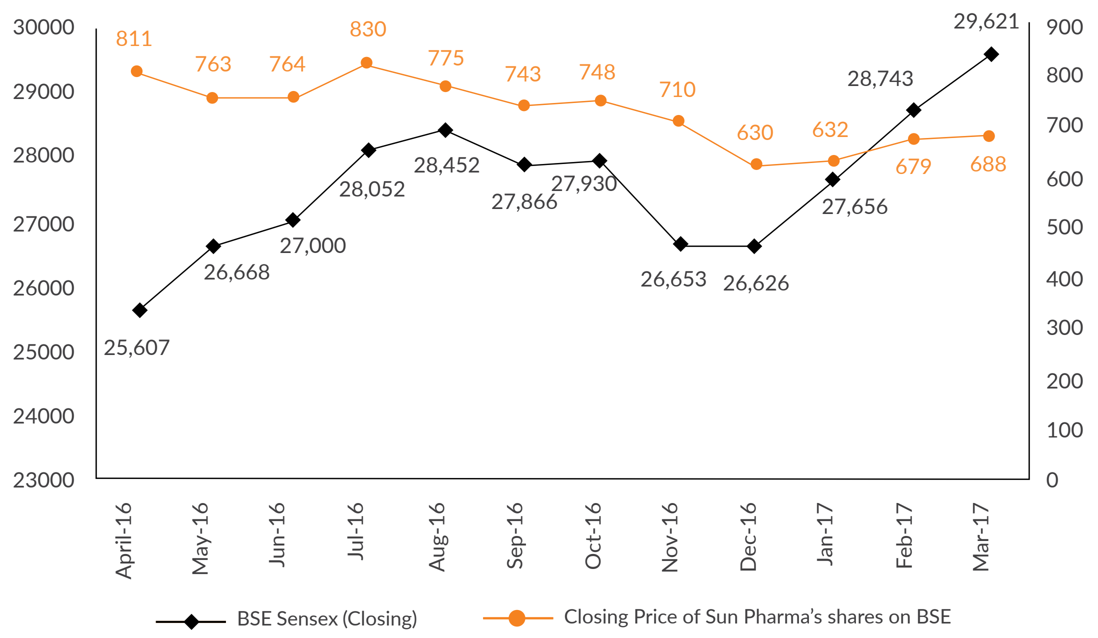
Equity Shares of ₹1/- paid-up value:

	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, 2016	840.95	797.00	841.15	797.00
May, 2016	842.05	757.10	842.00	756.00
June, 2016	779.70	710.05	779.35	710.15
July, 2016	839.50	762.00	839.80	762.05
August, 2016	854.50	747.00	854.95	746.60
September, 2016	818.25	732.00	818.50	732.00
October, 2016	772.00	732.00	773.00	732.00
November, 2016	750.00	572.40	749.00	571.90
December, 2016	730.75	608.10	730.95	608.00
January, 2017	656.20	627.20	657.40	627.00
February, 2017	688.80	619.40	689.55	618.40
March, 2017	728.45	671.20	729.05	671.10

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

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





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

Share price performance relative to BSE Sensex based on share price on March 31, 2017.

	% Change in		
Period	**Sun Pharma Share Price**	**BSE Sensex**	**Sun Pharma relative to Sensex**
Year-on-year	-16.08%	16.88%	-32.96%
2 years	-32.73%	5.95%	-38.68%
3 years	19.94%	32.32%	-12.37%
5 years	141.51%	70.19%	71.32%
10 years	552.47%	126.59%	425.87%

Share price performance relative to Nifty based on share price on March 31, 2017

	% Change in		
Period	**Sun Pharma Share Price**	**NIFTY**	**Sun Pharma relative to NIFTY**
Year-on-year	-16.08%	18.55%	-34.63%
2 years	-32.79%	8.04%	-40.83%
3 years	19.73%	36.84%	-17.11%
5 years	141.48%	73.24%	68.24%
10 years	551.38%	140.05%	411.33%

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

15.9 Registrars & Transfer Agent

(Share transfer and communication regarding share certificates, dividends and change of address)	Link Intime India Pvt. Ltd. C 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083 E-Mail: RNT.HELPDESK@LINKINTIME.CO.IN Tel: 022- 49186000 Fax : 022- 49186060

15.10 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.

15.11 Distribution of Shareholding as on March 31, 2017

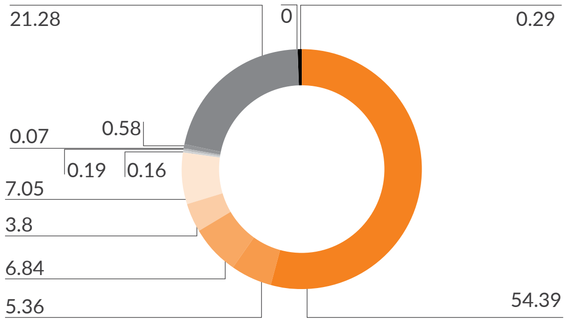
No. of equity shares held	No. of Accounts		Shares of face value ₹1 each/-	
	Numbers	% to total accounts	Number	% to total shares
Upto 5000	565380	98.84	94491129	3.94
5001 - 10000	2865	0.50	20391579	0.85
10001 - 20000	2129	0.37	27356859	1.14
20001 - 30000	331	0.06	8155772	0.34
30001 - 40000	171	0.03	6048830	0.25
40001 - 50000	112	0.02	5141237	0.21
50001 - 100000	297	0.05	21234831	0.89
100001 and above	741	0.13	2216470944	92.38
Total	**572026**	**100.00**	**2399291181**	**100.00**

15.12 Shareholding Pattern as on March 31, 2017 of Equity Shares as per Regulation 31 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

Particulars	Percentage	No. of Shares
A. Indian Promoters and Persons acting in Concert	54.39	1304855381
B. Mutual Funds and UTI	5.36	128559256
C. Banks/ Financial Institutions and Insurance Companies	6.84	164229063
D. Private Corporate Bodies	3.80	91079824
E. Indian Public	7.05	169073716
F. Directors	0.16	3784017
G. NRIs /OCBs	0.19	4454099
H. Clearing Members	0.07	1770770
I. Trusts	0.58	13847725
J. Foreign Portfolio Investor (Corporate)	21.28	510650573
K. Foreign National	0.00	23000
L. Others	0.29	6963757
Total	**100.00**	**2399291181**

SHAREHOLDING PATTERN AS ON MARCH 31, 2017

[%]



- Indian Promoters & Persons Acting in Concert
- Mutual Funds and UTI
- Banks/ Financial Institutions and Insurance Companies
- Private Corporate Bodies
- Indian Public
- Directors & Relatives
- NRIs / OCBs
- Clearing Members
- Trusts
- Foreign Portfolio Investor(Corporate)
- Foreign National
- Others

15.13 Dematerialisation of Shares

About 99.41% of the outstanding Equity shares have been de-materialised up to March 31, 2017. Trading in Shares of the Company is permitted only in de-materialised form w.e.f. November 29, 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 2016-17 is given below:

BSE	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	424.34	3313.64	3737.98
In value terms (₹ Millions)	311.03	2506.42	2817.45

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

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

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on March 31, 2017.

Outstanding Stock Options

The details of Number of Stock Options outstanding as on March 31, 2017 are provided in the Board's Report.

Outstanding Unclaimed Shares

The status of outstanding unclaimed shares in the Unclaimed Share Suspense Account of the Company is as under:-

Particulars	No. of Shareholders	No. of equity shares of ₹1/- each of Sun Pharma
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2016	1,118	398,557
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Suspense Account during the period from April 1, 2016 to March 31, 2017	11	8,818
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period.	11	8,818
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2017	1,107	389,739*

*The voting rights in respect of these shares shall remain frozen till the claim of the rightful shareholders is approved by the Company.

15.15 Disclosure of commodity price risk and commodity hedging activities

The Company is exposed to foreign exchange risks emanating from our business, assets and liabilities denominated in foreign currency. In order to hedge this risk, the Company proactively uses hedging instruments e.g. forward contracts, options and other simple derivatives from time to time. The Company does not have any significant exposure on commodities directly.

15.16 Plant locations as on March 31, 2017:

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.
8. Survey no. 259/15, Dadra – 396191, U.T. of D. & NH.
9. Plot No. Z/15, Sez-1, Po. Dahej, Taluko vagra, Dist. Bharuch, Gujarat.
10. Village Toansa, P.O. Railmajra Distt. Nawansahar-144533 (Punjab)
11. A-41, Industrial Area, Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali-160071 (Punjab)
12. Plot No. K - 5,6,7, Ghirongi Industrial Area, Malanpur, Dist. Bhind, M P.
13. Pharma Manufacturing Industrial Area 3 A.B. Road, Dewas-455001, Madhya Pradesh
14. Sy. No. 16, Ekarajapura, Hoskote, Bengaluru (Karnataka),
15. Plot No. B-2 Madkaim Industrial Estate, Ponda, Goa
16. Plot No. 1341 & 1342 EPIP-1, Hill Top Industrial Area, Village Bhatolikalan (Barotiwala), Baddi – 174103 (H.P.)
17. Village & PO Ganguwala, Tehsil Paonta Sahib-173025, Distt. Sirmour (H.P.)
18. Village Batamandi,Tehsil Paonta Sahib-173025, Distt. Sirmour (H.P.).

15.17 Investor Correspondence

(a)	For transfer/dematerialisation 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 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083 E-Mail: RNT.HELPDESK@LINKINTIME.CO.IN Tel: 022- 49186000 Fax : 022- 49186060 **For Shares held in Demat Form** To the Depository Participant.
(b)	E-mail id designated by the Company for Investor Complaints	secretarial@sunpharma.com
(c)	Any query on Annual Report	**Mr. Sunil R. Ajmera/ Mr. Ashok I. Bhuta/ Mr. Nimish Desai,** Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon-East, Mumbai - 400 063, sunil.ajmera@sunpharma.com ashok.bhuta@sunpharma.com nimish.desai@sunpharma.com secretarial@sunpharma.com

For and on behalf of the Board

Place : Mumbai
Date : May 26, 2017

Dilip S. Shanghvi
Managing Director

Sudhir V. Valia
Whole-time Director

Sailesh T. Desai
Whole-time Director

ANNEXURE 'A' TO CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2017

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: May 26, 2017

ANNEXURE 'B'

REMUNERATION POLICY

I. NEED FOR THE POLICY

A. Business Need: Retaining, attracting and managing quality talent is of critical importance to the Company's intellectual property in the knowledge driven global business. This requires a communication by the Company that the organisation cares for its team and values the growth of its team members. This Policy intends to provide clarity & guidance on the remuneration payable to the employees of the Company including Directors & Key managerial Personnel members of senior management and manner or the mechanism in which the Company rewards its team.

B. Legal requirements: Section 178 of the Companies Act, 2013 and the Listing Agreement entered into by the Company with the Stock Exchanges require the Board of Directors ("Board") of the Company, on recommendation of the Nomination and Remuneration Committee ("NRC"), to formulate a policy, relating to the remuneration for the directors, key management personnel and other employees.

II OBJECTIVES OF THE POLICY

A. Retaining, attracting and managing quality talent.

B. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the all the employees of the Company at different levels of the organisation to put in their best efforts run and grow the Company successfully.

C. Ensuring that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

D. Ensuring the remuneration to directors, key managerial personnel and senior management is proportionate to the job role & responsibilities and comparable to the industrial standards. Variable Incentive pay, if paid to any employee, should be linked to the performance of such employee and also the Company during such period.

E. Improving the overall performance and value of the Company by optimum use of its human resources.

III. APPLICABILITY

This Policy lays down the guiding principle for employment agreements entered into/ to be entered into after the approval of the Policy and for changes made to existing employment agreements hereafter.

IV. POLICY STATEMENT

A. Guiding Principles for remuneration: The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall be commensurate to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge & skill required including complexity of his job, work duration and risks associated with the work, and attitude of the worker like, positive outlook, team work, loyalty etc.

B. **Components of Remuneration:** The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.

a. Fixed compensation: The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.

b. Variable compensation: The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long term performance objectives and the performance of the Company.

c. Share based payments: The Board may, on the recommendation of the NRC, issue to certain class of personnel a share and share price related incentive program.

d. Non-monetary benefits: Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, Company cars with or without chauffer's, share and share price related incentive, reimbursement of electrify and telephone bills etc.

e. Gratuity/group insurance: Personnel may also be awarded to group insurance and other key man insurance protection. Further as required by the law necessary gratuity shall be paid to the personnel.

f. Commission: The directors may be paid commission if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any director of the Board.

C. Entitlement: The authority to determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

Designation/Class	To be determined by
Director	Members on recommendation of NRC and the Board.
Key Managerial Personnel	Board on recommendation of the NRC
Other employees	Human Resources Head

V. POLICY DEVIATION

The Board/ NRC/ HR Head may deviate from this Policy if there are specific reasons to do so in an individual case.

VI. CHANGE MANAGEMENT

The Board may in consultation with the Nomination and Remuneration Committee amend or modify this Policy in whole or in part, at any time.

Independent Auditor's Certificate on Corporate Governance

TO THE MEMBERS OF
SUN PHARMACEUTICAL INDUSTRIES LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated October 18, 2016.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of SUN PHARMACEUTICAL INDUSTRIES LIMITED ("the Company"), have examined the compliance of the conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("the Listing Regulations").

Managements' Responsibility

3. The compliance of the conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

9. 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)
Place: Mumbai
Date: May 26, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sun Pharmaceutical Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements 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, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

Emphasis of Matter

We draw attention to Note 59(11) to the standalone Ind AS financial statements. As referred to in the said Note: Remuneration to the Managing Director and the Whole-time Director(s) of the Company for the years ended 31st March, 2015, 31st March, 2016 and 31st March, 2017 are higher by ₹ 49.6 Million, ₹ 29.6 Million and ₹ 44.7 Million respectively than the amounts approved by the Central Government of India (Ministry of Corporate Affairs) on applications made by the Company to approve the maximum remuneration as approved by the members of the Company for the three years ended 31st March, 2017, in excess of the limits specified under Schedule V to the Act, in case of inadequacy of profits. The Management of the Company have re-represented to the office of the Ministry of Corporate Affairs for approval of remuneration within the overall limits approved by the members of the Company for the years ended 31st March, 2015 and 31st March, 2016, and for the year ended 31st March, 2017, applications for revision in the remuneration, as approved by the members of the Company, has been made to the Ministry of Corporate Affairs. The responses in respect of the foregoing re-representation / applications for revision are awaited from the Ministry of Corporate Affairs.

Our opinion is not modified in respect of this matter.

Other Matter

The transition date opening balance sheet of the Company as at 1st April, 2015 include the financial information of erstwhile Ranbaxy Laboratories Limited, consequent to its amalgamation into the Company which was effected on 24th March, 2015, with the appointed date of 1st April, 2014 [refer Note 59(4) to the standalone Ind AS financial statements]. The said financial information included in these standalone Ind AS financial statements are based on financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the other auditors, and have been restated to comply with Ind AS. Adjustments made to the financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

   a) We have sought and 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 40(i) to the standalone Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Notes 25 and 30 to the standalone Ind AS financial statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except a sum of ₹ 13.4 Million, which is held in abeyance due to pending legal cases.

iv. The Company has provided requisite disclosures in Note 56 to the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the Management of the Company, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management of the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

RAJESH K. HIRANANDANI
Partner
(Membership No. 36920)

Place: Mumbai
Date: 26th May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sun Pharmaceutical Industries Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE "A"
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

RAJESH K. HIRANANDANI
Partner
(Membership No. 36920)

Place: Mumbai
Date: 26th May, 2017

ANNEXURE "B"
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / agreement for sale along with registered power of attorney / consent terms taken on record by the Honorable Bombay City Civil Court at Bombay / share certificate / other documents evidencing title provided to us, we report that, the title deeds, comprising all the immovable properties of freehold land and buildings, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the freehold land and building	Cost or deemed cost as at 31st March, 2017 (₹ in Million)	Carrying amount as at 31st March, 2017 (₹ in Million)	Remarks
Freehold land located in Himachal Pradesh admeasuring 645,150 Square metres	76.3	76.3	The title deeds are in the name of Ranbaxy Laboratories Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Courts of Gujarat and of Punjab and Haryana.
Freehold land located in Punjab admeasuring 370,527 Square metres	27.2	27.2	
Freehold land located in Haryana admeasuring 64,161 Square metres	109.0	109.0	
Freehold land located in Madhya Pradesh admeasuring 91,330 Square metres	5.8	5.8	
Freehold land located in Karnataka admeasuring 30,362 Square metres	28.3	28.3	
Freehold land located in Punjab admeasuring 8,364 Square metres	2.5	2.5	The title of this land is under dispute in respect of which we have been informed by the Management of the Company that they have filed a Special Leave Petition with the Honorable Supreme Court against the order passed by the Honorable High Court of Punjab and Haryana and the matter is under adjudication.
Freehold land located in Chennai admeasuring 71,747 Square metres and building thereon	11.3	10.2	The titles are in the name of Tamilnadu Dadha Pharmaceuticals Limited / Pradeep Drug Company Limited, erstwhile companies that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Courts of Gujarat and of Tamilnadu / order of the New Delhi Bench of Board of Industrial and Financial Reconstruction respectively.

In respect of a building where the Company is entitled to the right of occupancy and use and disclosed as fixed assets in the standalone Ind AS financial statements, we report that the agreement / non-convertible preference shares / compulsorily convertible debentures

ANNEXURE "B"
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

entitling the right of occupancy and use of building, are in the name of the Company as at the balance sheet date.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed assets in the standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement, except for the following:

<table>
<tr><th>Particulars of the leasehold land</th><th>Cost or deemed cost as at 31st March, 2017 (₹ in Million)</th><th>Carrying amount as at 31st March, 2017 (₹ in Million)</th><th>Remarks</th></tr>
<tr><td>Located in Maharashtra admeasuring 20,000 Square metres.
represents composite consideration for land and building.</td><td> 17.4</td><td>16.6</td><td rowspan="2">The lease agreements are in the name of Crosslands Research Laboratories Limited which was merged with Ranbaxy Laboratories Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Courts of Gujarat and of Punjab and Haryana.</td></tr>
<tr><td>Located in Goa admeasuring 18,450 Square metres</td><td>2.7</td><td>2.6</td></tr>
<tr><td>Located in Punjab admeasuring 323,866 Square metres</td><td>213.2</td><td>208.3</td><td rowspan="2">The lease agreements are in the name of Ranbaxy Laboratories Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Courts of Gujarat and of Punjab and Haryana.</td></tr>
<tr><td>Located in Madhya Pradesh admeasuring 630,552 Square metres</td><td>222.4</td><td>217.8</td></tr>
<tr><td>Located in Gujarat admeasuring 24,000 Square metres</td><td>0.7</td><td>0.6</td><td>The lease agreement is in the name of Gujarat Lyca Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court of Gujarat.</td></tr>
</table>

(ii) As explained to us, the inventories, excluding stocks with some of the third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventories lying with third parties, these have substantially been confirmed by them.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"):

(a) In our opinion and according to the information given to us, the terms and conditions of the grant of such loan is, in our opinion, *prima facie*, not prejudicial to the interest of the Company.

(b) In respect of loans granted to a wholly owned subsidiary, where the aggregate amount involved is ₹ 4.8 Million (including interest accrued), the repayments or receipts of principal amounts and interest, where due during the year, have been regular as per stipulations and in respect of loans granted to an associate, there is no repayment or receipt of the principal amount of ₹ 512.0 Million and the interest thereon of ₹ 214.9 Million, which are overdue as per the stipulations.

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

(c) There is no overdue amount remaining outstanding as at the balance sheet date except in respect of amounts of ₹ 512.0 Million and ₹ 199.1 Million of principal and interest respectively, aggregating to ₹ 711.1 Million, given to an associate, which has been overdue for more than 90 days, where there is no evidence of reasonable steps having been taken for the recovery of the principal outstanding or interest receivable. As represented by the Management of the Company, the Company is evaluating various options to recover its dues in respect of the principal amount and interest.

Refer Note 59(1) to the standalone Ind AS financial statements.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. During the year, the Company has not granted any loans covered under Section 185 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder and hence reporting under clause (v) of paragraph 3 of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act, 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.

(vii) 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, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, though there have been slight delays in few cases.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added Tax, Cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value added Tax which have not been deposited as at 31st March, 2017 on account of disputes, are given below:

ANNEXURE "B"
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Forum where dispute is pending</th><th>Period to which the amount relates</th><th>Amount involved (₹ in Million)#</th><th>Amount paid / adjusted under protest (₹ in Million)</th></tr>
<tr><td rowspan="2">Income Tax Act, 1961</td><td rowspan="2">Income Tax, Interest and Penalty</td><td>Commissioner (Appeals)</td><td>2003-04, 2005-06, 2006-07, 2010-11 and 2012-13</td><td>2,617.2</td><td>3,923.6</td></tr>
<tr><td>Income Tax Appellate Tribunal (ITAT)</td><td>1995-96 and 2007-08 to 2011-12</td><td>27,193.9</td><td>11,828.5</td></tr>
<tr><td rowspan="5">Sales Tax Act/ VAT (Various States)</td><td rowspan="4">Sales Tax, Interest and Penalty</td><td>Assistant / Additional / Senior Joint Commissioner</td><td>1999-00, 2000-01, 2003-04, 2004-05, 2013-14 and 2014-15</td><td>24.8</td><td>2.1</td></tr>
<tr><td>Appellate Authority</td><td>1998-99, 2008-09, 2012-13 to 2014-15</td><td>7.2</td><td>3.1</td></tr>
<tr><td>Tribunal</td><td>1998-99 to 2003-04, 2008-09 and 2014-15</td><td>6.1</td><td>2.3</td></tr>
<tr><td>High Court</td><td>1999-00, 2001-02 to 2003-04 and 2005-06 to 2010-11</td><td>53.2</td><td>6.4</td></tr>
<tr><td>Entry Tax</td><td>Madhya Pradesh Commercial Tax Appellate Board</td><td>2009-10</td><td>2.5</td><td>-</td></tr>
<tr><td>The Central Excise Act, 1944</td><td>Service Tax</td><td>Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi</td><td>2006 to 2015</td><td>49.7</td><td>6.8</td></tr>
<tr><td rowspan="2">Customs Act, 1962</td><td rowspan="2">Customs Duty, Penalty and Interest</td><td>Commissioner (Appeals)</td><td>2014-15</td><td>13.8</td><td>10.8</td></tr>
<tr><td>CESTAT</td><td>2015-16</td><td>118.7</td><td>-</td></tr>
<tr><td rowspan="4">The Central Excise Act, 1944</td><td rowspan="4">Excise Duty, Interest and Penalty</td><td>Settlement Commission</td><td>2000-01</td><td>4.2</td><td>-</td></tr>
<tr><td>Commissioner (Appeals)</td><td>2001-02 to 2015-16</td><td>50.2</td><td>5.3</td></tr>
<tr><td>Tribunal</td><td>2002-03 to 2014-15</td><td>1,783.6</td><td>449.5</td></tr>
<tr><td>High Court</td><td>2002-03 to 2014-15</td><td>70.9</td><td>9.7</td></tr>
</table>

Net of amount paid / adjusted under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer, further public offer (including debt instruments) during the year.

(x) 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 by its officers or employees has been noticed or reported during the year.

ANNEXURE "B"
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in excess of the limits and approvals prescribed under Section 197 read with Schedule V to the Act, to the following managerial personnel:

Managerial Position	Excess amount of remuneration paid (₹ in Million)	Financial year ended	Treatment of the excess remuneration in the respective year standalone financial statements	Steps taken by the Company for securing refund
Managing Director	22.9	31st March, 2015	Charged to the Statement of Profit and Loss	We have been informed by the Management of the Company that they have re-represented to the office of the Ministry of Corporate Affairs for approval of remuneration within the overall limits approved by the members of the Company for the years ended 31st March, 2015 and 31st March, 2016, and that for the year ended 31st March, 2017, applications for revision in the remuneration, as approved by the members of the Company, has been made to the Ministry of Corporate Affairs. The responses in respect of the foregoing re-representation / applications for revision are awaited from the Ministry of Corporate Affairs. Refer Note 59(11) to the standalone Ind AS financial statements.
	12.3	31st March, 2016	Charged to the Statement of Profit and Loss	
	22.5	31st March, 2017	Charged to the Statement of Profit and Loss	
Whole time Director(s)	26.7	31st March, 2015	Charged to the Statement of Profit and Loss	
	17.3	31st March, 2016	Charged to the Statement of Profit and Loss	
	22.2	31st March, 2017	Charged to the Statement of Profit and Loss	

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties identified by the Management of the Company, and the details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

RAJESH K. HIRANANDANI
Partner
(Membership No. 36920)

Place: Mumbai
Date: 26th May, 2017

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2017

₹ in Million

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3	38,319.4	35,163.4	31,187.3
(b) Capital work-in-progress		10,533.2	7,654.0	10,863.2
(c) Intangible assets	4	484.6	582.8	699.8
(d) Intangible assets under development		453.9	23.3	42.7
(e) Investments in the nature of equity in subsidiaries	5	192,442.4	222,445.2	257,025.7
(f) Investments in the nature of equity in associates	6	-	21.2	21.2
(g) Financial assets				
(i) Investments	7	1,067.8	514.9	898.7
(ii) Loans	8	48.5	108.1	160.5
(iii) Other financial assets	9	990.0	1,818.7	1,435.8
(h) Deferred tax assets (Net)	10	7,517.0	7,517.0	7,517.0
(i) Income tax assets (Net)	11	17,826.3	10,062.5	6,589.7
(j) Other non-current assets	12	4,100.6	3,590.9	4,242.2
Total non-current assets		**273,783.7**	**289,502.0**	**320,683.8**
(2) Current assets				
(a) Inventories	13	22,866.2	21,321.5	21,892.5
(b) Financial assets				
(i) Investments	14	400.1	735.6	850.7
(ii) Trade receivables	15	27,256.7	19,978.1	17,915.1
(iii) Cash and cash equivalents	16	1,507.8	1,543.4	1,932.0
(iv) Bank balances other than (iii) above	17	130.3	147.7	2,232.6
(v) Loans	18	138.2	187.0	708.4
(vi) Other financial assets	19	671.8	215.9	1,183.7
(c) Other current assets	20	10,727.5	9,033.4	7,502.9
Total current assets		**63,698.6**	**53,162.6**	**54,217.9**
TOTAL ASSETS		**337,482.3**	**342,664.6**	**374,901.7**

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2017

₹ in Million

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	21	2,399.3	2,406.6	2,071.2
(b) Share suspense account	59 (4)	-	-	334.8
(c) Other equity	22	206,315.8	216,500.4	236,123.2
Total equity		**208,715.1**	**218,907.0**	**238,529.2**
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	7,606.4	19,228.4	11,653.6
(ii) Other financial liabilities	24	6.8	4.9	215.9
(b) Provisions	25	11,328.3	18,251.3	22,790.5
Total non-current liabilities		**18,941.5**	**37,484.6**	**34,660.0**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	26	40,540.4	37,337.2	42,375.6
(ii) Trade payables	27	20,942.0	17,724.5	15,767.7
(iii) Other financial liabilities	28	28,135.4	17,793.0	34,291.4
(b) Other current liabilities	29	1,738.0	1,622.2	2,240.0
(c) Provisions	30	18,469.9	11,796.1	7,037.8
Total current liabilities		**109,825.7**	86,273.0	101,712.5
Total liabilities		**128,767.2**	123,757.6	136,372.5
TOTAL EQUITY AND LIABILITIES		**337,482.3**	342,664.6	374,901.7

See accompanying notes 1 to 59 to the standalone financial statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

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, May 26, 2017

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

		Notes	Year ended March 31, 2017	Year ended March 31, 2016
(I)	Revenue from operations	31	78,067.0	78,636.9
(II)	Other income	32	5,144.1	4,450.9
(III)	**Total income (I + II)**		**83,211.1**	**83,087.8**
(IV)	**Expenses**			
	Cost of materials consumed	33	22,845.2	18,383.1
	Purchases of stock-in-trade		12,365.0	11,700.0
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(1,627.9)	(143.8)
	Employee benefits expense	35	14,861.7	14,766.9
	Finance costs	36	2,235.6	5,741.0
	Depreciation and amortisation expense	3 & 4	4,185.6	4,642.5
	Other expenses	37	28,670.3	38,117.4
	Total expenses (IV)		**83,535.5**	**93,207.1**
(V)	**Loss before exceptional item and tax (III - IV)**		**(324.4)**	(10,119.3)
(VI)	Exceptional item	59 (3)	-	(701.3)
(VII)	**Loss before tax (V + VI)**		**(324.4)**	(10,820.6)
(VIII)	**Tax expense - current tax**	39	25.1	54.5
(IX)	**Loss for the year (VII - VIII)**		(349.5)	(10,875.1)
(X)	**Other comprehensive income**			
	A) Items that will not be reclassified to profit or loss			
	a. Remeasurements of the defined benefit plans		(600.1)	(266.8)
	b. Equity instruments through other comprehensive income		(7.1)	18.9
Total - (A)			**(607.2)**	**(247.9)**
	B) Items that may be reclassified to profit or loss			
	Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge - (B)		(26.6)	-
Total other comprehensive income (A+B)			(633.8)	(247.9)
(XI)	**Total comprehensive income for the year (IX+X)**		**(983.3)**	**(11,123.0)**
Earnings per equity share (face value per equity share - ₹ 1)		47		
Basic (in ₹)			(0.1)	(4.5)
Diluted (in ₹)			(0.1)	(4.5)

See accompanying notes 1 to 59 to the standalone financial statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

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, May 26, 2017

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Equity share capital	Share suspense account [Refer Note 59 (4)]	Other equity											Total
			Share application money pending allotment	Reserves and surplus								Other comprehensive income (OCI)		
				Capital reserve	Securities premium reserve	Debenture redemption reserve	Share options outstanding account	Amalgamation reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instrument through OCI	Effective portion of cash flow hedges	
Balance as at April 01, 2015	2,071.2	334.8	149.0	36,660.0	18,220.3	750.0	82.1	43.8	-	34,029.3	146,184.5	4.2	-	238,529.2
Loss for the year	-	-	-	-	-	-	-	-	-	-	(10,875.1)	-	-	(10,875.1)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	*(266.8)	18.9	-	(247.9)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	**(11,141.9)**	**18.9**	**-**	**(11,123.0)**
Payment of dividend	-	-	-	-	-	-	-	-	-	-	(7,219.5)	-	-	(7,219.5)
Corporate dividend tax	-	-	-	-	-	-	-	-	-	-	(1,469.7)	-	-	(1,469.7)
Recognition of share-based payments to employees	-	-	-	-	-	-	98.8	-	-	-	-	-	-	98.8
Issue of equity shares	0.6	-	(142.3)	-	232.9	-	-	-	-	-	-	-	-	91.2
Issue of equity shares pursuant to the scheme of amalgamation [Refer Note 59 (4)]	334.8	(334.8)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from debenture redemption reserve on repayment of debentures	-	-	-	-	-	(750.0)	-	-	-	750.0	-	-	-	-
Transfer on exercise of share options	-	-	-	-	132.0	-	(132.0)	-	-	-	-	-	-	-
Balance as at March 31, 2016	**2,406.6**	**-**	**6.7**	**36,660.0**	**18,585.2**	**-**	**48.9**	**43.8**	**-**	**34,779.3**	**126,353.4**	**23.1**	**-**	**218,907.0**
Loss for the year	-	-	-	-	-	-	-	-	-	-	(349.5)	-	-	(349.5)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	*(600.1)	(7.1)	(26.6)	(633.8)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	**(949.6)**	**(7.1)**	**(26.6)**	**(983.3)**
Payment of dividend	-	-	-	-	-	-	-	-	-	-	(2,406.8)	-	-	(2,406.8)
Corporate dividend tax	-	-	-	-	-	-	-	-	-	-	(74.7)	-	-	(74.7)
Recognition of share-based payments to employees	-	-	-	-	-	-	32.3	-	-	-	-	-	-	32.3
Issue of equity shares	0.2	-	(6.7)	-	31.3	-	-	-	-	-	-	-	-	24.8
Buy-back of equity shares [Refer Note 59 (13)]	(7.5)	-	-	-	(6,742.5)	-	-	-	-	-	-	-	-	(6,750.0)
Expenditure on buy-back of equity shares	-	-	-	-	(34.2)	-	-	-	-	-	-	-	-	(34.2)
Transfer to capital redemption reserve on buy-back of equity shares	-	-	-	-	-	-	-	-	7.5	-	(7.5)	-	-	-
Transfer on exercise of share options	-	-	-	-	54.8	-	(54.8)	-	-	-	-	-	-	-
Balance as at March 31, 2017	**2,399.3**	**-**	**#0.0**	**36,660.0**	**11,894.6**	**-**	**26.4**	**43.8**	**7.5**	**34,779.3**	**122,914.8**	**16.0**	**(26.6)**	**208,715.1**

* Represents remeasurements of defined benefit plans

\# (March 31, 2017: ₹ 7,177)

See accompanying notes 1 to 59 to the standalone financial statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

UDAY V. BALDOTA
Chief Financial Officer

SUNIL R. AJMERA
Company Secretary

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

Mumbai, May 26, 2017

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
A. Cash flow from operating activities		
Loss before tax	(324.4)	(10,820.6)
Adjustments for:		
Depreciation and amortisation expense	4,185.6	4,642.5
Impairment of property, plant and equipment and intangible assets (disclosed as an exceptional item)	-	701.3
Loss on sale/write off of property, plant and equipment and intangible assets, net	110.2	82.3
Finance costs	2,235.6	5,741.0
Interest income	(229.3)	(362.4)
Dividend income	(2,040.7)	(394.5)
Net gain arising on financial assets measured at fair value through profit or loss	(16.1)	(5.7)
Gain on sale of financial assets measured at fair value through profit or loss	(186.0)	(178.2)
Gain on sale of investment in subsidiary	(2,307.8)	(3,242.2)
Gain on sale of investment in associate	(120.3)	-
Provision / write off for doubtful trade receivables / advances	38.5	1,232.1
Sundry balances written back, net	(25.4)	(50.0)
Expense recognised in respect of share based payments to employees	30.8	90.6
Impairment of non-current investment in associate [₹ Nil (Previous year ₹ 16,380)]	-	0.0
Provision in respect of losses of a subsidiary	165.4	122.9
Net unrealised foreign exchange gain	(2,387.3)	(726.3)
Operating loss before working capital changes	**(871.2)**	**(3,167.2)**
Movements in working capital:		
(Increase)/ decrease in inventories	(1,544.7)	570.9
Increase in trade receivables	(6,802.7)	(3,049.6)
Increase in other assets	(1,815.4)	(1,681.8)
Increase in trade payables	3,378.9	1,761.4
Increase/ (decrease) in other liabilities	7.0	(1,167.4)
Decrease in provisions	(802.5)	(2,283.9)
Cash used in operations	**(8,450.6)**	**(9,017.6)**
Income tax paid (net of refund)	(7,788.9)	(3,527.3)
Net cash used in operating activities (A)	**(16,239.5)**	**(12,544.9)**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(10,879.0)	(5,639.4)
Proceeds from disposal of property, plant and equipment and intangible assets	70.1	144.5
Loans / Inter corporate deposits		
Given to a subsidiary company	(0.4)	-
Received back / matured from		
Subsidiary companies	4.8	0.4
Others	-	251.5
Purchase of investments		
Subsidiary companies	(6.1)	(163.5)
Associate [₹ Nil (Previous year ₹ 16,380)]	-	0.0
Others	(176,388.7)	(131,969.1)
Proceeds from sale / redemption of investments		
Subsidiary companies	32,318.4	38,468.5
Associate	141.5	-
Others	176,366.3	132,268.1
Bank balances not considered as cash and cash equivalents		
Fixed deposits placed	-	(30.1)
Fixed deposits matured	13.7	2,116.8
Margin money placed	-	(0.2)
Interest received	165.8	550.0

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Dividend received from		
Subsidiary companies	2,040.7	394.3
Others ₹ 20,000	0.0	0.2
Net cash generated by investing activities (B)	**23,847.1**	**36,392.0**
C. Cash flow from financing activities		
Proceeds from issue of equity shares on exercise of stock options / share application money received	24.8	91.3
Proceeds from borrowings		
Subsidiary company	9,200.0	35,480.0
Others	53,590.4	72,231.3
Repayment of borrowings		
Subsidiary company	(17,219.9)	(27,545.7)
Others	(42,431.5)	(89,805.8)
Payment for buy-back of equity shares	(6,750.0)	-
Payment for share buy-back expenses	(34.2)	-
Net decrease in working capital demand loans	-	(1,800.0)
Finance costs (includes borrowing costs capitalised)	(1,435.5)	(3,644.9)
Dividend paid	(2,399.2)	(7,216.8)
Tax on dividend	(74.7)	(1,469.7)
Net cash used in financing activities (C)	**(7,529.8)**	**(23,680.3)**
Net increase in cash and cash equivalents (A+B+C)	77.8	166.8
Cash and cash equivalents at the beginning of the year	1,380.5	1,208.5
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(8.6)	5.2
Cash and cash equivalents at the end of the year	**1,449.7**	**1,380.5**

Note:

₹ in Million

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents comprises of		
Balances with banks		
In current accounts	1,497.2	1,534.1
Cheques on hand	4.2	3.8
Cash on hand	6.4	5.5
Cash and cash equivalents (Refer Note 16)	1,507.8	1,543.4
Less:- cash credit facilities included under loans repayable on demand in note 26	58.1	162.9
Cash and cash equivalents in cash flow statement	1,449.7	1,380.5

See accompanying notes 1 to 59 to the standalone financial statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

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, May 26, 2017

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

1. General information

Sun Pharmaceutical Industries Limited ("the Company") is a public limited company incorporated and domiciled in India and has its listing on the BSE Limited and National Stock Exchange of India Limited. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company is in the business of manufacturing, producing, developing and marketing a wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Company has various manufacturing locations spread across the country with trading and other incidental and related activities extending to the global markets.

2. Significant accounting policies

2.1 Statement of compliance

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended March 31, 2017 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2016. Further, the Company has prepared the opening balance sheet as at April 01, 2015 (the transition date) in accordance with Ind AS.

For all the periods up to the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

These are the Company's first Ind AS financial statements. Refer Note 52 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

These financial statements for the year ended March 31, 2017 are the first financial statements, the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on the historical cost basis, except for: (i) certain financial instruments that are measured at fair values at the end of each reporting period; (ii) Non-current assets classified as held for sale which are measured at the lower of their carrying amount and fair value less costs to sell; and (iii) defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

a. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classifications of its assets and liabilities as current and non-current.

b. Foreign currency

On initial recognition, transactions in currencies other than the Company's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.2.i below for hedging accounting policies).

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

c. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

d. Property, plant and equipment

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the acquired asset is measured at the carrying amount of the asset given up.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and Capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

of Schedule II of the Companies Act, 2013. Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

Asset Category	No. of Years
Leasehold land	60-99
Factory Buildings	30
Buildings other than Factory Buildings	60
Buildings given under operating lease	30
Plant and equipment	3-20
Plant and equipment given under operating lease	15
Vehicles	5-10
Office equipment	2-5
Furniture and fixtures	10

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred. The capitalised costs are amortised over the lower of the estimated useful life of the software and the remaining useful life of the tangible fixed asset.

e. Intangible assets

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if and only if all of the following have been demonstrated:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the Company intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure to be capitalised include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied for separately acquired intangible assets.

Acquired research and development intangible assets which are under development, are recognised as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such IPR&D assets is recognised in profit or loss. Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable.

The consideration for acquisition of intangible asset which is based on reaching specific milestone that are dependent on the Company's future activity is

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

recognised only when the activity requiring the payment is performed.

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets that are not available for use are amortised from the date they are available for use.

The estimated useful lives for Product related intangibles and Other intangibles ranges from 5 to 20 years.

The estimated useful life and the amortisation method for intangible assets with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Gain or loss arising on such de-recognition is recognised in profit or loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 01, 2015 i.e. transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

f. Investments in the nature of equity in subsidiaries and associates

The Company has elected to recognise its investments in equity instruments in subsidiaries and associates at cost in the separate financial statements in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Impairment policy applicable on such investments is explained in Note 2.2.g.

g. Impairment of non-financial assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised in the profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

In respect of other asset, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated or amortised.

i. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is measured as at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Equity instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset
e) Loan commitments which are not measured as at FVTPL

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For non-held-for-trading financial liabilities designated as at FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. These gains/ loss are not subsequently transferred to profit or loss. All other changes in fair value of such liability are recognised in the statement of profit or loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost in subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate (EIR) method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the profit or loss.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value and if not designated as at FVTPL, are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, full currency swap, options and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) ***Fair value hedges***

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) ***Cash flow hedges***

The effective portion of changes in the fair value of the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Treasury shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Dividend distribution to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

j. Leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Company as a lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

Company as a lessor

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

k. Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

l. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring

A provision for restructuring is recognised when the Company has a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received from the contract.

Contingent liabilities and contingent assets

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 cannot be made.

Contingent Assets are not recognised in the financial statements.

n. Revenue

Revenue from sale of goods include excise duty and is measured at the fair value of the consideration received or receivable. Revenue is net of returns, sales tax, chargebacks, rebates and other similar allowances.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, it is probable that the economic benefit will flow the Company, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably.

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue.

Sales Returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors.

Rendering of Services

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend and interest income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

o. Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic basis over the expected useful life of the related asset.

p. Employee benefits

Defined benefit plans

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to profit or loss.

Termination benefits

Termination benefits are recognised as an expense at the earlier of the date when the Company can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Short-term and Other long-term employee benefits

A liability is recognised for benefits accruing to

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

employees in respect of wages and salaries, and casual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

Defined contribution plans

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

Share-based payment arrangements

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, on a straight line basis, over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

q. Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

r. Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

s. Recent Accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7, 'Statement of cash flows'. This amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from April 01, 2017.

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 3

PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment

₹ in Million

	Freehold land	Leasehold land	Buildings	Buildings - leased #	Plant and equipment	Plant and equipment - leased #	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost										
As at April 01, 2015	530.9	562.4	8,605.9	16.9	19,955.9	19.4	643.0	466.2	386.7	31,187.3
Additions	10.2	-	2,475.5	-	6,516.1	-	165.7	68.8	84.7	9,321.0
Disposals	-	-	(9.7)	-	(132.7)	(19.4)	(3.4)	(105.0)	(6.4)	(276.6)
As at March 31, 2016	541.1	562.4	11,071.7	16.9	26,339.3	-	805.3	430.0	465.0	40,231.7
Additions	370.3	-	1,054.8	-	5,621.9	-	51.4	108.1	134.9	7,341.4
Disposals	-	-	-	-	(258.9)	-	(15.5)	(84.2)	(12.4)	(371.0)
As at March 31, 2017	**911.4**	**562.4**	**12,126.5**	**16.9**	**31,702.3**	**-**	**841.2**	**453.9**	**587.5**	**47,202.1**
Accumulated depreciation and impairment										
As at April 01, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	6.9	442.6	0.5	3,603.1	1.2	139.6	101.4	124.9	4,420.2
Impairment losses recognised in profit or loss @	-	-	218.6	-	473.5	-	5.4	0.7	2.4	700.6
Eliminated on disposals of assets	-	-	(0.1)	-	(37.3)	(1.2)	(0.8)	(12.3)	(0.8)	(52.5)
As at March 31, 2016	-	6.9	661.1	0.5	4,039.3	-	144.2	89.8	126.5	5,068.3
Depreciation expense	-	6.9	368.2	0.5	3,284.8	-	129.7	95.9	121.2	4,007.2
Eliminated on disposals of assets	-	-	-	-	(148.7)	-	(5.3)	(35.1)	(3.7)	(192.8)
As at March 31, 2017	**-**	**13.8**	**1,029.3**	**1.0**	**7,175.4**	**-**	**268.6**	**150.6**	**244.0**	**8,882.7**
Carrying amount										
As at April 01, 2015	530.9	562.4	8,605.9	16.9	19,955.9	19.4	643.0	466.2	386.7	31,187.3
As at March 31, 2016	541.1	555.5	10,410.6	16.4	22,300.0	-	661.1	340.2	338.5	35,163.4
As at March 31, 2017	**911.4**	**548.6**	**11,097.2**	**15.9**	**24,526.9**	**-**	**572.6**	**303.3**	**343.5**	**38,319.4**

Footnotes

(i) Borrowing cost capitalised during the year Nil (March 31, 2016 : ₹ 62.1 Million).

(ii) Buildings include ₹ 8,620 (As at March 31, 2016 : ₹ 8,620 ; As at April 01, 2015 : ₹ 8,620) towards cost of shares in a co-operative housing society and also includes ₹ 1.1 Million (As at March 31, 2016 : ₹ 1.1 Million; As at April 01, 2015 : ₹ 1.1 Million) and ₹ 1,133.0 Million (As at March 31, 2016 : ₹ 1,133.0 Million; As at April 01, 2015 : ₹ 1,133.0 Million) towards cost of non-convertible preference shares of face value of ₹ 10/- each and compulsorily convertible debentures of face value of ₹ 10,000/- each respectively in a company entitling the right of occupancy and use of premises.

(iii) For details of assets pledged as security refer Note 51.

(iv) Freehold land includes land valued at ₹ 25.5 Million (As at March 31, 2016 : ₹ 25.5 Million, As at April 01, 2015 : ₹ 25.5 Million) pending registration in the name of the Company.

(v) The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

(vi) The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount at the date of transition to Ind AS. Refer Note 52.

@ Refer Note 59 (3)

Refer Note 49

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 4

INTANGIBLE ASSETS

Other than internally generated

Following are the changes in the carrying value of intangible assets

₹ in Million

	Computer Software	Product related intangibles	Total
At cost or deemed cost			
As at April 01, 2015	591.8	108.0	699.8
Additions	67.5	41.2	108.7
Disposals	(3.2)	-	(3.2)
As at March 31, 2016	656.1	149.2	805.3
Additions	73.1	8.6	81.7
Disposals	(9.8)	-	(9.8)
As at March 31, 2017	**719.4**	**157.8**	**877.2**
Accumulated amortisation and impairment			
As at April 01, 2015	-	-	-
Amortisation expense	193.4	28.9	222.3
Impairment losses recognised in profit or loss @	0.7	-	0.7
Eliminated on disposals of assets	(0.5)	-	(0.5)
As at March 31, 2016	**193.6**	**28.9**	**222.5**
Amortisation expense	157.0	21.4	178.4
Eliminated on disposals of assets	(8.3)	-	(8.3)
As at March 31, 2017	**342.3**	**50.3**	**392.6**
Carrying amount			
As at April 01, 2015	591.8	108.0	699.8
As at March 31, 2016	462.5	120.3	582.8
As at March 31, 2017	**377.1**	**107.5**	**484.6**

Footnotes

(i) The aggregate amortisation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

(ii) The Company has elected to measure all its Intangible assets at the previous GAAP carrying amount at the date of transition to Ind AS. Refer Note 52.

@ Refer Note 59 (3)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 5

INVESTMENTS IN THE NATURE OF EQUITY IN SUBSIDIARIES (NON-CURRENT)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	₹ in Million	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments - Unquoted (At cost less impairment in value of investments, if any)						
Sun Pharmaceutical Industries, Inc.						
Common shares of no par value	8,387,666	304.2	8,387,666	304.2	8,387,666	304.2
SUN Farmaceutica do Brasil Ltda						
Quota of Capital Stock of Real 1 each fully paid	4,019	18.3	4,019	18.3	4,019	18.3
Sun Pharma De Mexico, S.A. DE C.V.						
Common Shares of no Face Value	750	3.3	750	3.3	750	3.3
Sun Pharmaceutical (Bangladesh) Limited						
Ordinary Shares of 100 Takas each fully paid	434,469	36.5	434,469	36.5	434,469	36.5
Share Application Money		31.6		31.6		31.6
Sun Pharmaceutical Peru S.A.C.						
Ordinary Shares of Soles 10 each fully paid	149	0.0	149	0.0	149	0.0
[₹ 21,734 (March 31, 2016: ₹ 21,734; April 01, 2015: ₹ 21,734)]						
SPIL DE Mexico S.A. DE CV						
Nominative and free Shares of 500 Mexican Pesos each fully paid	100	0.2	100	0.2	100	0.2
OOO "Sun Pharmaceutical Industries" Limited						
Par value rouble stock fully paid	-	8.8	-	8.8	-	8.8
5,250,000 Rouble (March 31, 2016: 5,250,000 Rouble; April 01, 2015: 5,250,000 Rouble)						
Green Eco Development Centre Limited						
Shares of ₹ 10 each fully paid	700,000	7.0	100,000	1.0	100,000	1.0
Sun Pharma De Venezuela, C.A.						
Shares of Bolivars (Bs.F.) 100 each, Bolivars (Bs.F.) 50 per share paid	1,000	0.5	1,000	0.5	1,000	0.5
Sun Pharma Laboratories Limited						
Shares of ₹ 10 each fully paid	50,000	1.5	50,000	1.5	50,000	1.5
Faststone Mercantile Company Private Limited						
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1	10,000	0.1

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	₹ in Million	Quantity	₹ in Million	Quantity	₹ in Million
Foundation for Disease Elimination and Control of India						
Shares of ₹ 10 each fully paid	10,000	0.1	-	-	-	-
Neetnav Real Estate Private Limited						
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1	10,000	0.1
Realstone Multitrade Private Limited						
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1	10,000	0.1
Skisen Labs Private Limited						
Shares of ₹ 10 each fully paid	16,360,000	163.6	16,360,000	163.6	10,000	0.1
Softdeal Trading Company Private Limited						
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1	10,000	0.1
Sun Pharma Holdings						
Shares of USD 1 each fully paid	855,199,716	54,031.5	855,199,716	54,031.5	855,199,716	54,031.5
Share Application Money		-		-		3.1
Vidyut Investments Limited						
Shares of ₹ 10 each fully paid	25,008,400	250.1	25,008,400	250.1	25,008,400	250.1
Less: Impairment in value of investment		(239.0)		(239.0)		(239.0)
		11.1		11.1		11.1
Ranbaxy Drugs Limited						
Shares of ₹ 10 each fully paid	3,100,020	31.0	3,100,020	31.0	3,100,020	31.0
Gufic Pharma Limited						
Shares of ₹ 100 each fully paid	4,900	535.2	4,900	535.2	4,900	535.2
Ranbaxy (Netherlands) B.V.						
Ordinary Shares of Euro 100 each fully paid	5,473,340	39,877.3	5,473,340	39,875.8	5,473,340	39,868.0
Ranbaxy Pharmacie Generiques SAS						
Ordinary Shares of Euro 1 each fully paid	24,117,250	4,709.1	24,117,250	4,709.1	24,117,250	4,709.1
Less: Impairment in value of investment		(4,709.1)		(4,709.1)		(4,709.1)
		-		-		-
Ranbaxy Malaysia Sdn. Bhd.						
Ordinary Shares of RM 1 each fully paid	3,189,248	37.0	3,189,248	37.0	3,189,248	36.9
Ranbaxy Nigeria Limited						
Ordinary Shares of Naira 1 each fully paid	13,070,648	8.6	13,070,648	8.5	13,070,648	8.3
		95,107.7		**95,100.0**		**94,931.5**
Preference shares - Unquoted (At cost)						
Sun Pharma Holdings						
5% Optionally Convertible Preference Shares USD 1 each fully paid	1,540,593,148	97,334.7	2,015,593,148	127,345.2	2,565,593,148	162,094.2
		192,442.4		**222,445.2**		**257,025.7**
Aggregate amount of investments before impairment		197,390.5		227,393.3		261,973.8
Aggregate amount of impairment in value of investments		4,948.1		4,948.1		4,948.1

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 6

INVESTMENTS IN THE NATURE OF EQUITY IN ASSOCIATES (NON-CURRENT)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	₹ in Million	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments - (At cost less impairment in value of investments, if any)						
Quoted						
Zenotech Laboratories Limited *						
Shares of ₹ 10 each fully paid	16,128,078	2,463.5	16,128,078	2,463.5	16,127,293	2,463.5
Less: Impairment in value of investment		(2,463.5)		(2,463.5)		(2,463.5)
		-		-		-
Unquoted						
Daiichi Sankyo (Thailand) Limited						
Ordinary Shares of Bahts 100 each fully paid	-	-	206,670	21.2	206,670	21.2
		-		21.2		21.2
Market value of quoted investment		570.1		541.9		729.8

* The shares of this entity are thinly traded and therefore, market price has not been considered for the purpose of assessment of impairment in the value of its non-current investment in Zenotech Laboratories Limited.

Note 7

INVESTMENTS (NON-CURRENT)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	₹ in Million	Quantity	₹ in Million	Quantity	₹ in Million
Investments in subsidiaries						
Preference shares - Unquoted						
Sun Pharma Laboratories Limited						
10% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 100 each fully paid	4,000,000	400.0	4,000,000	400.0	4,000,000	400.0
Ranbaxy Drugs Limited						
10% Non-Convertible Redeemable Preference Shares of ₹ 10 each fully paid.	250	0.0	250	0.0	250	0.0
₹ 2,500 [March 31, 2016: ₹ 2,500; April 01, 2015: ₹ 2,500]						
Alkaloida Chemical Company Zrt.						
2% Redeemable Preference Shares of $ 15 each fully paid at a premium of $ 35 per share	-	-	-	-	150,000	402.6
		400.0		**400.0**		**802.6**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	₹ in Million	Quantity	₹ in Million	Quantity	₹ in Million
Other investments						
Investments in equity instruments						
Quoted						
Krebs Biochemicals and Industries Limited						
Shares of ₹ 10 each fully paid	1,050,000	105.1	1,050,000	112.3	1,050,000	93.5
Unquoted						
Enviro Infrastructure Co. Limited						
Shares of ₹ 10 each fully paid	100,000	1.0	100,000	1.0	100,000	1.0
Shimal Research Laboratories Limited						
Shares of ₹ 10 each fully paid	9,340,000	934.0	9,340,000	934.0	9,340,000	934.0
Less: Impairment in value of investment		(934.0)		(934.0)		(934.0)
		-		-		-
Shivalik Solid Waste Management Limited						
Shares of ₹ 10 each fully paid	20,000	0.2	20,000	0.2	20,000	0.2
Biotech Consortium India Limited						
Shares of ₹ 10 each fully paid	50,000	0.5	50,000	0.5	50,000	0.5
Less: Impairment in value of investment		(0.5)		(0.5)		(0.5)
		-		-		-
Nimbua Greenfield (Punjab) Limited						
Shares of ₹ 10 each fully paid	140,625	1.4	140,625	1.4	140,625	1.4
		107.7		**114.9**		**96.1**
Investments in government securities						
Quoted						
Government of Rajasthan UDAY non -SLR bond						
7.75% Bond of ₹ 1 each fully paid maturing June 23, 2018	27,400,000	27.1	-	-	-	-
Government of Rajasthan UDAY non -SLR bond						
7.86% Bond of ₹ 1 each fully paid maturing June 23, 2019	27,400,000	27.3	-	-	-	-
Government of Rajasthan UDAY non -SLR bond						
8.01% Bond of ₹ 1 each fully paid maturing June 23, 2020	27,400,000	27.5	-	-	-	-
Government of Rajasthan UDAY non -SLR bond						
8.21% Bond of ₹ 1 each fully paid maturing June 23, 2025	100,000,000	103.7	-	-	-	-
Government of Rajasthan UDAY non -SLR bond						
8.39% Bond of ₹ 1 each fully paid maturing June 23, 2026	200,000,000	214.8	-	-	-	-
Government of Uttar Pradesh UDAY non -SLR bond						
8.21% Bond of ₹ 1 each fully paid maturing June 23, 2026	150,000,000	159.7	-	-	-	-
Unquoted						
National savings certificates		0.0		0.0		0.0
[₹ 10,000 (March 31, 2016: ₹ 10,000; April 01, 2015: ₹ 10,000)]						
		560.1		**0.0**		**0.0**
Investments (non-current)		**1,067.8**		**514.9**		**898.7**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	₹ in Million	Quantity	₹ in Million	Quantity	₹ in Million
Aggregate book value (carrying value) of quoted investments		665.2		112.3		93.5
Aggregate amount of quoted investments at market value		665.2		112.3		93.5
Aggregate amount of unquoted investments before impairment		1,337.1		1,337.1		1,739.7
Aggregate amount of impairment in value of investments		934.5		934.5		934.5

Note 8

LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans to employees / others			
Secured, considered good	16.0	23.0	40.3
Unsecured, considered good	32.5	80.7	115.8
Loans to related parties (Refer Note 53 & 54)			
Unsecured, considered good	-	4.4	4.4
	48.5	**108.1**	**160.5**

Note 9

OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deposits - Pledged with Government Authorities	1.0	1.0	1.0
Security deposits	377.5	375.5	423.3
Derivatives not designated as hedges	611.5	1,442.2	1,011.5
	990.0	**1,818.7**	**1,435.8**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 10

DEFERRED TAX ASSETS (NET)

₹ in Million

	Opening balance April 01, 2015	Recognised in profit or loss	Closing balance March 31, 2016
Deferred tax (liabilities) / assets in relation to:			
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	(3,794.9)	437.9	(3,357.0)
Difference in carrying value and tax base of financial assets and liabilities	(286.5)	(32.9)	(319.4)
Other liabilities	(177.1)	(6.0)	(183.1)
Allowance for doubtful debts and advances	381.8	362.4	744.2
Expenses claimed for tax purpose on payment basis	434.5	(57.3)	377.2
Unabsorbed depreciation / carried forward losses	3,128.3	(697.1)	2,431.2
Other assets	313.9	(7.0)	306.9
	-	-	-
MAT credit entitlement	7,517.0	-	7,517.0
	7,517.0	-	**7,517.0**

₹ in Million

	Opening balance April 01, 2016	Recognised in profit or loss	Closing balance March 31, 2017
Deferred tax (liabilities) / assets in relation to:			
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	(3,357.0)	(968.1)	(4,325.1)
Difference in carrying value and tax base of financial assets and liabilities	(319.4)	319.4	-
Other liabilities	(183.1)	173.9	(9.2)
Allowance for doubtful debts and advances	744.2	(1.0)	743.2
Expenses claimed for tax purpose on payment basis	377.2	424.5	801.7
Unabsorbed depreciation / carried forward losses	2,431.2	65.9	2,497.1
Other assets	306.9	(14.6)	292.3
	-	-	-
MAT credit entitlement	7,517.0	-	7,517.0
	7,517.0	-	7,517.0

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :			
Tax losses	78,498.4	67,846.5	52,222.5
Tax losses (Capital in nature)	757.1	757.1	757.1
Unabsorbed depreciation	24,900.1	19,897.1	15,259.9
Unused tax credits (MAT credit entitlement)	2,874.3	3,497.3	3,689.5
Deductible temporary differences	25,892.5	28,057.5	27,089.5
	132,922.4	**120,055.5**	**99,018.5**

The unused tax credits will expire from financial year 2017-18 to financial year 2023-24 and unused tax losses will expire from financial year 2017-18 to financial year 2025-26.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 11

INCOME TAX ASSETS (NET) (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax [Net of provisions ₹ 10,894.5 Million (March 31, 2016 : ₹ 10,894.5 Million; April 01, 2015 : ₹ 10,894.5 Million)]	17,826.3	10,062.5	6,589.7
	17,826.3	**10,062.5**	**6,589.7**

Note 12

OTHER NON-CURRENT ASSETS

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Capital advances	2,918.3	2,467.4	2,827.6
Prepaid expenses	16.3	28.8	11.5
Balances with government authorities	1,154.0	1,070.0	1,368.6
Other assets	12.0	24.7	34.5
	4,100.6	**3,590.9**	**4,242.2**

Note 13

INVENTORIES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Lower of cost and net realisable value			
Raw materials and packing materials	7,020.0	7,041.7	8,117.5
Goods in transit	298.0	602.3	323.4
	7,318.0	7,644.0	8,440.9
Work-in-progress	8,403.4	7,229.3	7,567.1
Finished goods	6,053.2	5,621.2	4,191.4
Stock-in-trade	462.1	379.3	1,326.7
Goods in transit	-	61.0	61.8
	462.1	440.3	1,388.5
Stores, spares and other materials	629.5	386.7	304.6
	22,866.2	**21,321.5**	**21,892.5**

(i) Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹ 7,863.9 Million (March 31, 2016: ₹ 7,503 Million; April 01, 2015: ₹ 7,007.1 Million). The changes in write downs are recognised as an expense in the statement of profit and loss.

(ii) For details of inventories pledged as security refer Note 51.

(iii) The cost of inventories recognised as an expense is disclosed in Notes 33, 34 and 37 and as purchases of stock-in-trade in the statement of profit and loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 14

INVESTMENTS (CURRENT)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	₹ in Million	Quantity	₹ in Million	Quantity	₹ in Million
Investments in mutual funds						
Unquoted *						
ICICI Prudential Mutual Fund-ICICI Prudential Money Market Fund-Direct Plan Growth						
Units of ₹ 100 each fully paid	-	-	-	-	1,810,104	350.2
ICICI Prudential Mutual Fund-ICICI Prudential Liquid - Direct Plan - Growth						
Units of ₹ 100 each fully paid	1,662,199	400.1	-	-	-	-
Pramerica Mutual Fund-Pramerica Liquid Fund-Direct Plan-Growth Option fully paid						
Units of ₹ 1000 each fully paid	-	-	-	-	335,039	500.5
		400.1		**-**		**850.7**
Investments in commercial paper						
Unquoted						
Housing Development Finance Corporation Limited						
Commerical paper of ₹ 500,000 units fully paid	-	-	1,000	491.0	-	-
JM Financial Products Ltd						
Commerical paper of ₹ 500,000 units fully paid	-	-	500	244.6	-	-
		-		**735.6**		**-**
		400.1		**735.6**		**850.7**

* Investments in mutual funds have been fair valued at closing net asset value (NAV).

Note 15

TRADE RECEIVABLES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured			
Considered good	27,256.7	19,978.1	17,915.1
Considered doubtful	1,209.7	1,304.5	580.9
	28,466.4	21,282.6	18,496.0
Less : Allowance for doutful debts (expected credit loss allowance)	(1,209.7)	(1,304.5)	(580.9)
	27,256.7	**19,978.1**	**17,915.1**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 16

CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balances with banks			
In current accounts	1,497.2	1,534.1	1,870.4
In deposit accounts with original maturity less than 3 months	-	-	13.7
Cheques on hand	4.2	3.8	40.0
Cash on hand	6.4	5.5	7.9
	1,507.8	**1,543.4**	**1,932.0**

Note 17

BANK BALANCES OTHER THAN DISCLOSED IN NOTE 16 ABOVE

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deposit accounts	0.8	14.5	2,104.0
Earmarked balances with banks			
Unpaid Dividend Accounts	59.3	63.0	58.6
Balances held as margin money or security against guarantees and other commitments (*)	70.2	70.2	70.0
	130.3	**147.7**	**2,232.6**

* having original maturity of more than 12 months.

Note 18

LOANS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans to employees / others			
Secured, considered good	4.0	4.6	13.6
Unsecured, considered good	134.2	182.4	456.4
Considered doubtful	4.5	4.5	4.5
Less : Allowance for doubtful loans	(4.5)	(4.5)	(4.5)
Loans to related parties (Refer Note 53 & 54)			
Unsecured, considered good	-	-	238.4
Considered doubtful	512.0	512.0	274.0
Less : Allowance for doubtful loans	(512.0)	(512.0)	(274.0)
	138.2	**187.0**	**708.4**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 19

OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued			
Considered good	0.1	-	114.4
Considered doubtful	214.9	151.5	-
Less : Allowance for doubtful	(214.9)	(151.5)	-
	0.1	-	114.4
Insurance claim receivables	1.6	6.4	6.6
Security deposits	35.3	70.2	60.6
Other receivables	40.5	46.9	69.4
Derivatives not designated as hedges	594.3	92.4	932.7
	671.8	**215.9**	**1,183.7**

Note 20

OTHER CURRENT ASSETS

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Export incentives receivable	2,159.1	1,936.4	1,500.3
Prepaid expenses	327.4	200.3	526.7
Advances for supply of goods and services			
Considered good	1,930.2	1,131.6	856.5
Considered doubtful	206.3	184.2	185.1
Less : Allowance for doubtful	(206.3)	(184.2)	(185.1)
	1,930.2	1,131.6	856.5
Balances with government authorities	6,278.6	5,758.1	4,530.7
Other assets	32.2	7.0	88.7
	10,727.5	**9,033.4**	**7,502.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 21

EQUITY SHARE CAPITAL

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	₹ in Million	Number of shares	₹ in Million	Number of shares	₹ in Million
Authorised						
Equity shares of ₹ 1 each	5,990,000,000	5,990.0	5,990,000,000	5,990.0	5,990,000,000	5,990.0
Cumulative preference shares of ₹ 100 each	100,000	10.0	100,000	10.0	100,000	10.0
	5,990,100,000	**6,000.0**	**5,990,100,000**	**6,000.0**	**5,990,100,000**	**6,000.0**
Issued, subscribed and fully paid up						
Equity shares of ₹ 1 each	2,399,260,815	2,399.3	2,406,605,118	2,406.6	2,071,163,910	2,071.2
	2,399,260,815	**2,399.3**	**2,406,605,118**	**2,406.6**	**2,071,163,910**	**2,071.2**

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of reporting period (As at April 01, 2015, excluding share suspense account)				
Opening balance	2,406,605,118	2,406.6	2,071,163,910	2,071.2
Add : shares allotted pursuant to the scheme of amalgamation [Refer Note 59(4)]	-	-	334,770,248	334.8
Add : shares allotted to employees on exercise of employee stock option (excluding shares held by ESOP trust)	155,697	0.2	670,960	0.6
Less : buy-back of shares [Refer Note 59 (13)]	(7,500,000)	(7.5)	-	-
Closing balance	**2,399,260,815**	**2,399.3**	**2,406,605,118**	**2,406.6**
The movement of equity shares issued to ESOP Trust at face value is as follows: (As at April 01, 2015, excluding share suspense account)				
Opening balance	123,381	0.1	-	-
Add : shares allotted pursuant to the scheme of amalgamation [Refer Note 59(4)]	-	-	186,516	0.2
Add : shares allotted to the ESOP Trust	-	-	160,000	0.1
Less : shares allotted by ESOP Trust on exercise of employee stock option	(93,015)	(0.1)	(223,135)	(0.2)
Closing balance (March 31, 2017: ₹ 30,366)	**30,366**	**0.0**	**123,381**	**0.1**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Equity shares held by each shareholder holding more than 5 percent equity shares (As at April 01, 2015, excluding share suspense account) in the Company are as follows:	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Dilip Shantilal Shanghvi	230,285,690	9.6	231,140,480	9.6	231,140,480	11.2
Viditi Investment Pvt. Ltd.	200,846,362	8.4	201,385,320	8.4	201,385,320	9.7
Tejaskiran Pharmachem Industries Pvt. Ltd.	194,820,971	8.1	195,343,760	8.1	195,343,760	9.4
Family Investment Pvt. Ltd.	182,437,880	7.6	182,927,440	7.6	182,927,440	8.8
Quality Investments Pvt. Ltd.	182,379,237	7.6	182,868,640	7.6	182,868,640	8.8

(i) 1,035,581,955 (upto March 31, 2016: 1,035,581,955; upto April 01, 2015: 1,035,581,955) 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.

(ii) 334,956,764 (upto March 31, 2016: 334,956,764; upto April 01, 2015: Nil) equity shares of ₹ 1 each have been allotted, pursuant to scheme of amalgamation, without payment being received in cash during the period of five years immediately preceding the date at which the Balance Sheet is prepared. [Refer Note 59(4)]

(iii) 7,500,000 (upto March 31, 2016: Nil, upto April 01, 2015: Nil) equity shares of ₹ 1 each have been bought back during the period of five years immediately preceding the date at which the Balance Sheet is prepared. The shares bought back in the current year were cancelled immediately. [Refer Note 59 (13)]

(iv) Rights, Preference 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.

(v) Refer Note 50 for number of employee stock options against which equity shares are to be issued by the Company / ESOP Trust upon vesting and exercise of those stock options.

Note 22

OTHER EQUITY

₹ in Million

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Refer statement of changes in equity for detailed movement in other equity balance				
A)	Share application money pending allotment (March 31, 2017: ₹ 7,177) [Refer Note 59 (12)]	0.0	6.7	149.0
B)	Reserve and surplus			
	Capital reserve	36,660.0	36,660.0	36,660.0
	Securities premium reserve	11,894.6	18,585.2	18,220.3
	Debenture redemption reserve	-	-	750.0
	Share options outstanding account	26.4	48.9	82.1
	Amalgamation reserve	43.8	43.8	43.8
	Capital redemption reserve	7.5	-	-
	General reserve	34,779.3	34,779.3	34,029.3
	Retained earnings	122,914.8	126,353.4	146,184.5
		206,326.4	**216,470.6**	**235,970.0**
C)	Items of other comprehensive income (OCI)			
	Equity instrument through OCI	16.0	23.1	4.2
	Effective portion of cash flow hedges	(26.6)	-	-
		(10.6)	23.1	4.2
		206,315.8	**216,500.4**	**236,123.2**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Nature and purpose of each reserve

Capital reserve - During amalgamation / merger / acquisition, the excess of net assets taken, over the consideration paid, if any, is treated as capital reserve.

Securities premium reserve - The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

Debenture redemption reserve - The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend. This reserve was transferred to general reserve on redemption of debentures.

Share options outstanding account - The fair value of the equity settled share based payment transactions is recognised to share options outstanding account.

Amaglamation reserve - The reserve was created pursuant to scheme of amalgamation in earlier years.

Capital redemption reserve - The Company has recognised Capital Redemption Reserve on buy-back of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back.

General reserve - The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Equity instrument through OCI - The Company has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.

Effective portion of cash flow hedges - The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Note 23

BORROWINGS (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Term loan from department of biotechnology (Refer Note 51)			
Secured	108.2	77.3	77.3
Term loans from banks (Refer Note 51)			
Unsecured	7,498.2	19,151.1	11,576.3
	7,606.4	**19,228.4**	**11,653.6**

Note 24

OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued	6.8	4.9	3.4
Derivatives not designated as hedge	-	-	212.5
	6.8	**4.9**	**215.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 25

PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits (Refer Note 48)	2,443.8	1,659.5	1,610.6
Others (Refer Note 55)	8,884.5	16,591.8	21,179.9
	11,328.3	**18,251.3**	**22,790.5**

Note 26

BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans repayable on demand			
From Banks			
Secured (Refer Note 51)	198.1	2,560.5	2,739.0
Unsecured	25,021.5	26,756.8	27,223.4
Loans from related party			
Loans repayable on demand (Unsecured)	-	8,019.9	65.7
Other loans			
Commercial paper (Unsecured)	15,320.8	-	12,347.5
	40,540.4	**37,337.2**	**42,375.6**

Note 27

TRADE PAYABLES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Dues to micro and small enterprises (Refer Note 46)	116.7	87.4	94.0
Others	20,825.3	17,637.1	15,673.7
	20,942.0	**17,724.5**	**15,767.7**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 28

OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of long-term debt (Refer Note 51)	12,319.3	1,722.8	13,838.7
Interest accrued	63.1	91.8	221.7
Unpaid dividends	76.7	72.8	65.7
Security deposits	135.3	132.3	140.3
Payables on purchase of property, plant and equipment	1,143.3	838.5	699.1
Product settlement, claims, recall charges and trade commitments	14,298.5	14,674.5	14,276.4
Derivatives not designated as hedge	72.6	216.1	4,869.6
Derivatives designated as hedge	26.6	-	-
Others	-	44.2	179.9
	28,135.4	**17,793.0**	**34,291.4**

Note 29

OTHER CURRENT LIABILITIES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Statutory remittances	1,385.4	1,339.0	1,196.4
Advance from customers	348.7	275.4	1,035.8
Others	3.9	7.8	7.8
	1,738.0	**1,622.2**	**2,240.0**

Note 30

PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits (Refer Note 48)	754.8	611.5	404.6
Provision in respect of losses of a subsidiary	1,602.6	1,569.8	1,286.6
Others (Refer Note 55)	16,112.5	9,614.8	5,346.6
	18,469.9	**11,796.1**	**7,037.8**

Note 31

REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (including excise duty)	75,237.9	72,540.9
Other operating revenues	2,829.1	6,096.0
	78,067.0	**78,636.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 32

OTHER INCOME

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on :		
Bank deposits at amortised cost	0.7	41.1
Loans at amortised cost	89.4	99.6
Investments in debt instruments at amortised cost	2.9	11.6
Investments in debt instruments at fair value through other comprehensive income	6.6	-
Other financial assets carried at amortised cost	107.7	133.2
Others	22.0	76.9
	229.3	**362.4**
Dividend income on investments		
Subsidiary	2,040.7	394.3
Others (March 31, 2017: ₹ 20,000)	0.0	0.2
	2,040.7	**394.5**
Net gain arising on financial assets measured at fair value through profit or loss	16.1	5.7
Gain on sale of financial assets measured at fair value through profit or loss	186.0	178.2
Gain on sale of investment in subsidiary	2,307.8	3,242.2
Gain on sale of investment in associate	120.3	-
Sundry balances written back, net	25.4	50.0
Insurance claims	24.8	31.4
Lease rental and hire charges	188.8	182.6
Miscellaneous income	4.9	3.9
	5,144.1	**4,450.9**

Note 33

COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Raw materials and packing materials		
Inventories at the beginning of the year	7,644.0	8,440.9
Purchases during the year	22,519.2	17,586.2
Inventories at the end of the year	(7,318.0)	(7,644.0)
	22,845.2	**18,383.1**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 34

CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the beginning of the year	13,290.8	13,147.0
Inventories at the end of the year	(14,918.7)	(13,290.8)
	(1,627.9)	**(143.8)**

Note 35

EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	13,663.2	13,092.8
Contribution to provident and other funds	819.3	1,028.2
Share based payments to employees	30.8	90.6
Staff welfare expenses	348.4	555.3
	14,861.7	**14,766.9**

Note 36

FINANCE COSTS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense for financial liabilities carried at amortised cost	1,013.6	2,898.7
Interest expense others	4.4	66.2
Exchange differences regarded as an adjustment to borrowing costs	779.8	2,238.1
Unwinding of discounts on provisions	437.8	538.0
	2,235.6	**5,741.0**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 37

OTHER EXPENSES

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of materials, stores and spare parts	4,278.7	4,230.7
Conversion and other manufacturing charges	2,276.2	1,984.9
Power and fuel	3,451.7	3,704.8
Rent	221.1	393.1
Rates and taxes	1,078.8	866.1
Insurance	419.8	454.1
Selling and distribution	4,555.8	4,535.0
Commission on sales	472.4	441.4
Repairs and maintenance	2,110.8	2,172.3
Printing and stationery	325.7	297.5
Travelling and conveyance	1,755.6	1,754.2
Freight outward and handling charges	1,601.3	2,032.2
Communication	262.4	324.9
Provision / write off for doubtful trade receivables / advances	38.5	1,232.1
Professional, legal and consultancy	3,810.9	6,309.1
Excise duty on sales	1,092.4	1,304.3
Donations	15.8	26.8
Loss on sale/write off of property, plant and equipment, net	110.2	82.3
(Decrease) / increase of excise duty on inventories	(49.4)	138.4
Net (gain) / loss on foreign currency transactions [includes exchange gain of ₹ 132.6 million (Previous year exchange loss of ₹ 160.3 Million) in respect of provision for losses of a subsidiary]	(1,745.7)	2,752.2
Payments to auditors (net of input credit, where applicable)		
For audit [includes Nil (Previous year ₹ 0.7 Million) in respect of previous year]	24.8	22.9
For other services	11.0	25.3
Reimbursement of expenses	0.4	0.6
Impairment of non-current investment in associate (March 31, 2016: ₹ 16,380)	-	0.0
Provision in respect of losses of a subsidiary	165.4	122.9
Miscellaneous expenses	2,385.7	2,909.3
	28,670.3	**38,117.4**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 38

RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE STATEMENT OF PROFIT AND LOSS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	2,848.1	2,699.3
Contribution to provident and other funds	135.1	161.9
Staff welfare expenses	46.7	71.3
Consumption of materials, stores and spare parts	2,815.9	2,747.5
Power and fuel	342.8	378.9
Rent	54.9	96.9
Rates and taxes	241.7	128.0
Insurance	37.3	39.3
Repairs and maintenance	468.0	451.0
Printing and stationery	31.1	30.2
Travelling and conveyance	132.8	138.7
Communication	40.6	53.8
Professional, legal and consultancy	1,196.1	1,464.6
Loss on sale/write off of property, plant and equipment, net	(0.4)	0.6
Miscellaneous expenses	647.3	575.9
	9,038.0	**9,037.9**
Less :		
Net interest income	0.1	2.1
Receipts from research activities	747.0	1,271.7
Miscellaneous income	9.2	13.9
	8,281.7	**7,750.2**

Note 39

TAX RECONCILIATION

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Reconciliation of tax expense		
Profit/(loss) before tax	(324.4)	(10,820.6)
Enacted income tax rate (%) applicable to the Company #	34.608%	34.608%
Income tax credit calculated at enacted income tax rate	(112.3)	(3,744.8)
Effect of income that is exempt from tax	(1,505.8)	(1,258.6)
Effect of expenses that are not deductible	77.7	358.8
Effect of incremental deduction on account of research and development and other allowances	(2,959.5)	(2,438.3)
Investment allowance u/s 32AC of Income Tax Act, 1961	(234.5)	(259.4)
Withholding tax in respect of income earned outside India	25.1	54.5
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	4,734.4	7,342.3
Income tax expense recognised in profit or loss	**25.1**	**54.5**

The tax rate used for reconciliation above is the corporate tax rate of 34.608% at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 40

CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

			As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
i	**Contingent liabilities**				
	a	Claims against the Company not acknowledged as debts	355.0	149.4	127.1
	b	Liabilities disputed - appeals filed with respect to :			
		Income tax on account of disallowances / additions	45,998.3	19,026.8	11,087.7
		Sales tax on account of rebate / classification	45.7	38.8	37.9
		Excise duty on account of valuation / cenvat credit	1,102.2	1,016.1	164.5
		ESIC contribution on account of applicability	132.8	0.2	0.2
		Service tax on certain services performed outside India under reverse charge basis	-	-	156.0
		Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Company	3,488.2	3,326.4	3,248.0
		Demand by JDGFT for import duty with respect to import alleged to be in excess of entitlement as per the advanced license scheme	16.7	15.4	15.4
		Fine imposed for anti-competitive settlement agreement by European Commission	715.4	773.0	689.1
		Octroi demand on account of rate difference	171.0	171.0	171.0
		Other matters - state electricity board, Punjab Land Preservation Act related matters etc.	67.5	88.3	136.3
	Legal Proceedings The Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, anti-trust 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 Company 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 Company believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters are not expected to have material adverse effect on its Financial Statements.				
	c	Others :			
		Trade commitments	-	-	530.6
		Letter of comfort on behalf of subsidiaries, to the extent of limits	-	-	2873.1
	Footnote:				
	Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.				
ii	**Commitments**				
	a	Estimated amount of contracts remaining to be executed on capital account [net of advances].	4,235.4	3,098.8	2,535.8
	b	Uncalled liability on partly paid investments	0.5	0.5	0.5
	c	For derivatives related commitments refer Note 45			
	d	For non-cancellable lease related commitments refer Note 49			
	e	Letters of credit for imports	2,312.0	740.2	1,020.5
iii	**Guarantees given by the bankers on behalf of the Company**		**1,961.3**	**502.1**	**435.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 41

RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Revenue, net (excluding depreciation) (Refer Note 38)	8,281.7	7,750.2
Capital	1,392.3	543.7
Total	**9,674.0**	**8,293.9**

Note 42

CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments / bonds - quoted	-	665.2	-
Equity instruments / Preference shares / Mutual fund - unquoted	802.7	-	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Loans to employees / others	-	-	186.7
Deposits Account - Pledged with Government Authorities	-	-	1.0
Security deposits	-	-	412.8
Trade receivables	-	-	27,256.7
Cash and cash equivalents	-	-	1,507.8
Bank balances other than above	-	-	130.3
Interest accrued	-	-	0.1
Insurance claim receivables	-	-	1.6
Other receivables	-	-	40.5
Mandatorily measured :			
Derivatives not designated as hedges	1,205.8	-	-
	2,008.5	**665.2**	**29,537.5**
Financial liabilities			
Borrowings	-	-	60,466.1
Interest accrued	-	-	69.9
Trade payables	-	-	20,942.0
Unpaid dividends	-	-	76.7
Security deposits	-	-	135.3
Payables on purchase of property, plant and equipment	-	-	1,143.3
Product settlement, claims, recall charges and trade commitments	-	-	14,298.5
Derivatives designated as hedges	26.6	-	-
Mandatorily measured :			
Derivatives not designated as hedges	72.6	-	-
	99.2	**-**	**97,131.8**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

₹ in Million

	As at March 31, 2016		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments / bonds - quoted	-	112.3	-
Equity instruments / Preference shares / Mutual fund - unquoted	402.6	-	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Commercial paper - unquoted	-	-	735.6
Loans to related parties	-	-	4.4
Loans to employees / others	-	-	290.7
Deposits Account - Pledged with Government Authorities	-	-	1.0
Security deposits	-	-	445.7
Trade receivables	-	-	19,978.1
Cash and cash equivalents	-	-	1,543.4
Bank balances other than above	-	-	147.7
Insurance claim receivables	-	-	6.4
Other receivables	-	-	46.9
Mandatorily measured :			
Derivatives not designated as hedges	1,534.6	-	-
	1,937.2	**112.3**	**23,199.9**
Financial liabilities			
Borrowings	-	-	58,288.4
Interest accrued	-	-	96.7
Trade payables	-	-	17,724.5
Unpaid dividends	-	-	72.8
Security deposits	-	-	132.3
Payables on purchase of property, plant and equipment	-	-	838.5
Product settlement, claims, recall charges and trade commitments	-	-	14,674.5
Others	-	-	44.2
Mandatorily measured :			
Derivatives not designated as hedges	216.1	-	-
	216.1	**-**	**91,871.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at April 01, 2015		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments / bonds - quoted	-	93.5	-
Equity instruments / Preference shares / Mutual fund - unquoted	1,655.9	-	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Loans to related parties	-	-	242.8
Loans to employees / others	-	-	626.1
Deposits Account - Pledged with Government Authorities	-	-	1.0
Security deposits	-	-	483.9
Trade receivables	-	-	17,915.1
Cash and cash equivalents	-	-	1,932.0
Bank balances other than above	-	-	2,232.6
Interest accrued	-	-	114.4
Insurance claim receivables	-	-	6.6
Other receivables	-	-	69.4
Mandatorily measured :			
Derivatives not designated as hedges	1,944.2	-	-
	3,600.1	**93.5**	**23,623.9**
Financial liabilities			
Borrowings	-	-	67,867.9
Interest accrued	-	-	225.1
Trade payables	-	-	15,767.7
Unpaid dividends	-	-	65.7
Security deposits	-	-	140.3
Payables on purchase of property, plant and equipment	-	-	699.1
Product settlement, claims, recall charges and trade commitments	-	-	14,276.4
Others	-	-	179.9
Mandatorily measured :			
Derivatives not designated as hedges	5,082.1	-	-
	5,082.1	**-**	**99,222.1**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 43

FAIR VALUE HIERARCHY

₹ in Million

	As at March 31, 2017		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	105.1	-	-
Investments in equity - unquoted	-	-	2.6
Investments in government securities	560.1	-	-
Investments in preference shares	-	-	400.0
Mutual funds	400.1	-	-
Derivatives not designated as hedges	-	1,205.8	-
	1,065.3	**1,205.8**	**402.6**
Financial liabilities			
Derivatives not designated as hedges	-	72.6	-
Derivatives designated as hedges	-	26.6	-
	-	**99.2**	**-**

₹ in Million

	As at March 31, 2016		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	112.3	-	-
Investments in equity - unquoted	-	-	2.6
Investments in preference shares	-	-	400.0
Derivatives not designated as hedges	-	1534.6	-
	112.3	**1,534.6**	**402.6**
Financial liabilities			
Derivatives not designated as hedges	-	216.1	-
	-	**216.1**	**-**

₹ in Million

	As at April 01, 2015		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	93.5	-	-
Investments in equity - unquoted	-	-	2.6
Investments in preference shares	-	-	802.6

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at April 01, 2015		
	Level 1	Level 2	Level 3
Mutual funds	850.7	-	-
Derivatives not designated as hedges	-	1,944.2	-
	944.2	**1,944.2**	**805.2**
Financial liabilities			
Derivative not designated as hedge	-	5,082.1	-
	-	**5,082.1**	**-**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximates the fair value because there is wide range of possible fair value measurements and the costs represents estimate of fair value within that range.

These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at fair value through other comprehensive income as the management believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

There were no transfers between Level 1 and 2 in the periods.

The management considers that the carrying amount of financial assets and financial liabilities carried as amortised cost approximates their fair value.

Reconciliation of Level 3 fair value measurements

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Unlisted shares valued at fair value		
Balance at the beginning of the year	402.6	805.2
Purchases	-	-
Issues	-	-
Disposal / settlements	-	(402.6)
Balance at the end of the year	**402.6**	**402.6**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 44

CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) Debt equity ratio

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Debt (includes non-current, current borrowings and current maturities of long term debt)	60,466.1	58,288.4	67,867.9
Less : cash and cash equivalents	1,507.8	1,543.4	1,932.0
Net debt	**58,958.3**	**56,745.0**	**65,935.9**
Total equity	208,715.1	218,907.0	238,529.2
Net debt to total equity ratio	28.2%	25.9%	27.6%

(ii) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Dividend on equity shares		
Final dividend for the year ended March 31, 2016 of ₹ 1.0 (previous year for year ended March 31, 2015 ₹ 3.0) per fully paid share	2,406.8	7,219.5
Dividend distribution tax on above	74.7	1,469.7
Dividends not recognised at the end of the reporting period		
The Board of Directors at its meeting held on May 26, 2017 have recommended payment of final dividend of ₹ 3.5 per share of face value of ₹ 1 each for the year ended March 31, 2017. The same amounts to ₹ 8,397.6 Million.		
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

Note 45

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Trade receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Financial assets for which loss allowances is measured using the expected credit loss			
Trade receivables			
less than 180 days	21,052.2	16,775.5	15,059.8
180 - 365 days	3,555.6	2,335.8	1,506.7
beyond 365 days	3,858.6	2,171.3	1,929.5
Total	**28,466.4**	**21,282.6**	**18,496.0**

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	1,304.5	580.9
Addition	72.6	728.0
Write - offs	-	-
Recoveries	(167.4)	(4.4)
Balance at the end of the year	1,209.7	1,304.5

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has unutilised working capital lines from banks of ₹ 32,128.0 Million as on March 31, 2017, ₹ 27,718.7 Million as on March 31, 2016, ₹ 30,177.9 Million as on April 01, 2015

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

The table below provides details regarding the contractual maturities of significant financial liabilities :

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2017
Non derivative				
Borrowings	53,042.1	7,555.7	75.7	60,673.5
Trade payables	20,942.0	-	-	20,942.0
Other financial liabilities	15,816.1	6.8	-	15,822.9
	89,800.2	**7,562.5**	**75.7**	**97,438.4**
Derivative				
Forward exchange contracts	99.2	-	-	99.2
	99.2	**-**	**-**	**99.2**

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2016
Non derivative				
Borrowings	39,060.0	19,246.3	46.4	58,352.7
Trade payables	17,724.5	-	-	17,724.5
Other financial liabilities	16,070.2	4.9	-	16,075.1
	72,854.7	**19,251.2**	**46.4**	**92,152.3**
Derivative				
Forward exchange contracts	160.7	-	-	160.7
Currency options	55.4	-	-	55.4
	216.1	**-**	**-**	**216.1**

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at April 01, 2015
Non derivative				
Borrowings	56,403.7	11,641.4	61.8	68,106.9
Trade payables	15,767.7	-	-	15,767.7
Other financial liabilities	20,452.7	3.4	-	20,456.1
	92,624.1	**11,644.8**	**61.8**	**104,330.7**
Derivative				
Forward exchange contracts	4,869.6	212.5	-	5,082.1
	4,869.6	**212.5**	**-**	**5,082.1**

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars, Euros, South African Rand and Russian Rouble) and foreign currency borrowings (primarily in US Dollars). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, option contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

a) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents, borrowings and trade payables

₹ in Million

	As at March 31, 2017					
	US Dollars	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	11,804.4	1,918.4	1,723.5	5,046.2	1,117.9	21,610.4
Cash and cash equivalents	909.6	37.3	18.0	-	11.7	976.6
	12,714.0	**1,955.7**	**1,741.5**	**5,046.2**	**1,129.6**	**22,587.0**
Financial liabilities						
Borrowings	37,356.5	-	-	-	-	37,356.5
Trade payables	4,828.8	882.5	0.3	161.4	270.1	6,143.1
Product settlement, claims, recall charges and trade commitments	14,298.5	-	-	-	-	14,298.5
	56,483.8	**882.5**	**0.3**	**161.4**	**270.1**	**57,798.1**

₹ in Million

	As at March 31, 2016					
	US Dollars	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	10,164.3	1,620.1	1,194.1	2,087.2	986.3	16,052.0
Cash and cash equivalents	1,179.4	69.1	26.0	-	23.2	1,297.7
	11,343.7	**1,689.2**	**1,220.1**	**2,087.2**	**1,009.5**	**17,349.7**
Financial liabilities						
Borrowings	50,092.6	-	-	-	-	50,092.6
Trade payables	5,132.4	1,250.5	2.6	149.1	464.1	6,998.7
Product settlement, claims, recall charges and trade commitments	14,674.5	-	-	-	-	14,674.5
	69,899.5	**1,250.5**	**2.6**	**149.1**	**464.1**	**71,765.8**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at April 01, 2015					
	US Dollars	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	10,786.1	1,159.9	1,240.4	579.8	739.4	14,505.6
Cash and cash equivalents	400.4	13.2	70.2	-	53.2	537.0
	11,186.5	**1,173.1**	**1,310.6**	**579.8**	**792.6**	**15,042.6**
Financial liabilities						
Borrowings	45,435.4	-	-	-	-	45,435.4
Trade payables	1,752.8	471.2	63.4	1.1	259.5	2,548.0
Product settlement, claims, recall charges and trade commitments	14,276.4	-	-	-	-	14,276.4
	61,464.6	**471.2**	**63.4**	**1.1**	**259.5**	**62,259.8**

b) ***Sensitivity***

For the years ended March 31, 2017, March 31, 2016 and April 01, 2015, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would decrease the Company's loss and increase the Company's equity by approximately ₹ 1,760.6 Million, ₹ 2,720.8 Million and ₹ 2,360.9 Million respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c) ***Derivative contracts***

The Company is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily in US Dollars, Euros, South African Rand and Russian Rouble, and foreign currency debt in primarily in US Dollars. The Company uses foreign currency forward contracts, foreign currency option contracts and currency swap contracts (collectively, "derivatives") to mitigate its risk of changes in foreign currency exchange rates. The counterparty for these contracts is generally a bank or a financial institution.

Hedges of highly probable forecasted transactions

The Company designates its derivative contracts that hedge foreign exchange risk associated with its highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the statement of profit and loss.

In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded a loss of ₹ 26.6 Million for the year ended March 31, 2017 and ₹ Nil for the year ended March 31, 2016 in other comprehensive income. The Company also recorded hedges as a component of revenue, loss of ₹ 521.5 Million for the year ended March 31, 2017 and ₹ Nil for the year ended March 31, 2016 on occurrence of forecasted sale transaction.

Changes in the fair value of forward contracts and option contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the statement of profit and loss. The changes in fair value of the forward contracts and option contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognised in the statement of profit and loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts -

Amount in Million

	Currency	Buy / Sell	Cross Currency	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Derivatives designated as hedges						
Forward contracts	ZAR	Sell	USD	$ 22.0	-	-
Derivatives not designated as hedges						
Forward contracts	USD	Sell	INR	-	$ 140.0	$ 350.0
Forward contracts	USD	Buy	INR	$ 22.5	$ 14.0	$ 170.0
Forward contracts	AUD	Sell	USD	$ 1.3	-	-
Forward contracts	RUB	Sell	USD	$ 12.0	-	-
Currency cum interest rate swaps	USD	Buy	INR	$ 50.0	$ 50.0	$ 100.0
Currency options	USD	Buy	INR	$ 100.0	$ 100.0	$ 100.0
Currency options *	USD	Buy	INR	-	$ 1.0	$ 71.0
Interest rate swaps	USD	Buy	INR	$ 150.0	$ 40.0	-
Currency swaps	USD	Buy	INR	-	-	$ 30.0
Forward contracts	ZAR	Sell	INR	-	-	ZAR 42.5

* structured options @ 2 to 2.5 times

Interest rate risk

The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The Company's Treasury Department monitors the interest rate movement and manages the interest rate risk by evaluating interest rate swaps etc. based on the market / risk perception.

For the years ended March 31, 2017 and March 31, 2016, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Company's loss by approximately ₹ 160.5 Million and ₹ 221.5 Million respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2017, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 46

DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The information 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.

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting year	116.7 (Interest - Nil)	87.4 (Interest - Nil)	94.0 (Interest - Nil)
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
The amount of interest due and payable for the year	-	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-
	116.7	**87.4**	**94.0**

Note 47

EARNINGS PER SHARE

	Year ended March 31, 2017	Year ended March 31, 2016
Loss for the year (₹ in Million)- used as numerator for calculating earnings per share	(349.5)	(10,875.1)
Weighted average number of shares used in computing basic earnings per share	2,403,319,673	2,406,379,179
Add : Dilution effect of employee stock option	203,455	1,059,730
Weighted average number of shares used in computing diluted earnings per share	2,403,523,128	2,407,438,909
Nominal value per share (in ₹)	1	1
Basic earnings per share (in ₹)	(0.1)	(4.5)
Diluted earnings per share (in ₹)	(0.1)	(4.5)

Since the Company has loss for the year and in the previous year, the impact of employee stock option is anti dilutive. Therefore the basic and diluted earnings per share are the same.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 48

EMPLOYEE BENEFIT PLANS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Scheme (ESIC) and other 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 and other Statutory Funds are made only by the Company. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 608.1 Million (Previous year ₹ 587.9 Million).

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Contribution to Provident Fund and Family Pension Fund	507.3	474.7
Contribution to Superannuation Fund	74.9	90.3
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	25.8	22.8
Contribution to Labour Welfare Fund	0.1	0.1

The Company has an obligation towards provident fund with respect to certain employees upto March 31, 2015 which was recognised as defined benefit plan. From the previous year the contribution for the same is made to RPF and the Company does not have any obligation apart from such contribution. Accordingly, from previous year, the provident fund is recognised as defined contribution plan.

Defined benefit plan

a) Gratuity

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund. The Company decides its contribution based on the results of its annual review. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

b) Pension fund

The Company has an obligation towards pension, a defined benefit retirement plan, with respect to certain employees, who had already retired before March 01, 2013, will continue to receive the pension as per the pension plan.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

i) Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. However, the risk is partially mitigated by investment in LIC managed fund.

ii) Interest rate risk - A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

iii) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

iv) Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Other long term benefit plan

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 ₹ 331.0 Million (Previous Year ₹ 313.8 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined as at the year end using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in other comprehensive income whereas gains and losses in respect of other long term employee benefit plans are recognised in the Statement of Profit and Loss.

₹ in Million

	Year ended March 31, 2017			Year ended March 31, 2016		
	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)
Expense recognised in the statement of profit and loss (Refer Note 35)						
Current service cost	-	-	179.2	-	-	166.0
Interest cost	70.2	592.6	163.7	76.6	347.6	139.5
Expected return on plan assets	-	(598.5)	(130.4)	-	(385.5)	(122.8)
Recognition of unrecognised liabilities of earlier years	-	-	-	-	3.7	-
Excess of planned assets over commitments not recognised in financial statements	-	5.9	-	-	34.2	-
Expense charged to the statement of profit and loss	70.2	-	212.5	76.6	-	182.7
Remeasurement of defined benefit obligation recognised in other comprehensive income						
Actuarial loss / (gain) on defined benefit obligation	56.2	-	560.0	(39.7)	-	316.0
Actuarial gain on plan assets	-	-	(16.1)	-	-	(9.5)
Expense/(income) charged to other comprehensive income	56.2	-	543.9	(39.7)	-	306.5
Reconciliation of defined-benefit obligations						
Obligation as at the beginning of the year	930.7	4,598.6	2,169.0	981.8	4,810.2	1,779.0
Current service cost	-	-	179.2	-	-	166.0
Interest cost	70.2	592.6	163.7	76.6	347.6	139.5
Obligations transferred	-	1.8	-	-	28.9	-
Benefits paid	(87.6)	(507.6)	(197.0)	(88.0)	(588.1)	(231.5)
Obligation transferred to regional provident fund, net of accumulated unrecognised gains	-	(4,685.4)	-	-	-	-
Actuarial (gains)/losses on obligations						
- due to change in demographic assumptions	-	-	61.8	-	-	(8.7)
- due to change in financial assumptions	54.5	-	398.6	31.0	-	203.8
- due to experience	1.7	-	99.6	(70.7)	-	120.9
Obligation as at the year end	969.5	-	2,874.9	930.7	4,598.6	2,169.0

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at March 31, 2017		As at March 31, 2016	
	Provident Fund (Funded)	Gratuity (Funded)	Provident Fund (Funded)	Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the Balance sheet				
Present value of commitments (as per Actuarial Valuation)	-	2,874.9	4,598.6	2,169.0
Fair value of plan assets	-	(1,913.9)	(4,632.8)	(1,728.0)
Excess of planned assets over commitments not recognised	-	-	(34.2)	-
Net liability recognised in the financial statement	-	961.0	-	441.0
Reconciliation of plan assets				
Plan assets as at the beginning of the year	4,632.8	1,728.0	4,806.5	1,569.3
Expected return	598.5	130.4	385.5	122.8
Plan assets transferred	1.8	-	28.9	-
Actuarial gain	-	16.1	-	9.5
Employer's Contribution during the year	-	236.4	-	257.9
Benefits paid	(507.6)	(197.0)	(588.1)	(231.5)
Funds transferred to regional provident fund	(4,725.5)	-	-	-
Plan assets as at the year end	-	1,913.9	4,632.8	1,728.0

₹ in Million

	Year ended March 31, 2017		Year ended March 31, 2016		
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)	Provident Fund (Funded)*
Discount rate	6.81%	6.81%	7.54%	In range of 7.54% to 7.56%	7.54%
Expected return on plan assets	N.A.	6.81%	N.A.	In range of 7.54% to 7.56%	8.80%
Expected rate of salary increase	N.A.	14.50%	N.A.	10.00%	N.A.
Interest rate guarantee	N.A.	N.A.	N.A.	N.A.	8.80%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal	N.A.	13.50%	N.A.	8.00%	15% - 18%
Retirement Age (years)	N.A.	60	N.A.	60	60

* During the year, the Company managed Provident fund balance has been transferred to Regional Provident Fund Authority.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Year ended March 31, 2017		Year ended March 31, 2016	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity Analysis:				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	(73.2)	(167.7)	(67.6)	(103.2)
Delta effect of -1% change in discount rate	86.0	189.7	79.0	115.6
Delta effect of +1% change in salary escalation rate	-	174.6	-	111.8
Delta effect of -1% change in salary escalation rate	-	(158.4)	-	(101.9)
Delta effect of +1% change in rate of employee turnover	-	(71.6)	-	(18.1)
Delta effect of -1% change in rate of employee turnover	-	80.3	-	19.9
Maturity analysis of projected benefit obligation				
31-Mar-18	87.4	401.2	101.9	415.5
31-Mar-19	100.4	253.8	118.1	252.4
31-Mar-20	115.3	282.0	137.0	267.4
31-Mar-21	132.5	283.2	158.8	290.9
31-Mar-22	152.1	281.0	184.1	305.9
Thereafter	174.8	1,276.5	213.4	1,527.0
The major categories of plan assets are as under				
Central government securities	-	20.9	-	25.9
Bonds and securities of public sector / financial institutions	-	69.3	-	156.3
Insurer managed funds (Funded with LIC, break-up not available)	-	1,801.5	-	1,537.2
Surplus fund lying uninvested	-	22.2	-	8.6
The contribution expected to be made by the Company for gratuity, during financial year ending March 31, 2018 is ₹ 372.9 Million (Previous year ₹ 314.1 Million)				

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 49

LEASES

(a) The Company has given certain premises and plant and equipment under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 10 years under leave and licence / 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 periods range between 11 months to 10 years under leave and licence, 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. These refundable security deposits have been valued at amortised cost under relevant Ind AS (c) Lease receipts / payments are recognised in the statement of profit and loss under "Lease rental and hire charges" & "Rent" in Note 32 and 37 respectively. (d) The future minimum lease payments in respect of assets taken on non-cancellable operating leases are as under -

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Not later than one year	17.1	62.2	64.0
Later than one year and not later than five years	-	18.2	91.4
Later than five years	-	-	6.3
	17.1	**80.4**	**161.7**

Note 50

EMPLOYEE SHARE-BASED PAYMENT PLANS

Erstwhile Ranbaxy Laboratories Limited (RLL) had Employee Stock Option Schemes ("ESOSs") namely, Employees Stock Option Scheme -II (ESOS-II), Employees Stock Option Scheme 2005 (ESOS 2005) and Employees Stock Option Plan 2011 (ESOP 2011) for the grant of stock options to the eligible employees and Directors of the Erstwhile RLL and its subsidiaries. ESOS-II had been discontinued from 17th January, 2015. The ESOSs are administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

ESOS 2005 provided that the grant price of options would be the latest available closing price on the stock exchange on which the shares of the erstwhile RLL were listed, prior to the date of the meeting of the Committee in which the options were granted. If the shares are listed on more than one stock exchange, then the stock exchange where there was highest trading volume on the said date were considered. The options vested evenly over a period of five years from the date of grant. Options lapse, if they are not exercised prior to the expiry date, which was ten years from the date of grant.

ESOP 2011 provided that the grant price of options would be the face value of the equity share i.e. ₹ 5 per share. The options vested evenly over a period of three years from the date of grant. Options lapse, if they were not exercised prior to the expiry date, which was three months from the date of the vesting. An ESOP Trust had been formed to administer ESOP 2011. Shares issued to the ESOP Trust were allocated to the eligible employees upon exercise of stock options from time to time.

The Shareholders' Committee of Erstwhile RLL had approved issuance of options under the ESOS's as per details given below:

Date of approval	Scheme	Original No. of options approved
25 June 2003	ESOS-II	4,000,000
30 June 2005	ESOS 2005	4,000,000
09 May 2011	ESOP 2011	3,000,000

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

In accordance with the above approval of issuance of options, stock options have been granted from time to time.

The stock options outstanding as on June 30, 2005 are proportionately adjusted in view of the sub-division of equity shares of the Erstwhile RLL from the face value of ₹ 10 each into 2 equity shares of ₹ 5 each

Pursuant to the Scheme of Amalgamation, Sun Pharmaceutical Industries Limited ('transferee company') formulated two Employee Stock Option Schemes, namely, (i) SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) to administer ESOS 2005 (ii) SUN Employee Stock Option Plan-2015 (SUN-ESOP 2015) to administer ESOP 2011. These scheme provide that the number of transferee options issued shall equal to the product of number of transferor options outstanding on effectiveness of Scheme multiplied by the Share exchange ratio (0.80) and each transferee option shall have an exercise price per equity share equal to transferor option exercise price per equity share divided by the share exchange ratio (0.80) and fractions rounded off to the next higher whole number. The terms and conditions of ESOS, of transferee company are not less favourable than those of ESOSs of erstwhile RLL. No new grants shall be made under these schemes and these schemes shall operate only for the purpose of administering the exercise of options already granted / vested on an employee pursuant to SUN-ESOS 2015 and SUN-ESOP 2015.

The movement of the options (post split) granted under SUN-ESOS 2015

	March 31, 2017			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	610,739	270.0-703.0	480.9	2.5
Exercised during the year $	(62,682)	270.0-562.5	500.1	-
Lapsed during the year	(146,379)	270.0-562.5	521.7	-
Outstanding at the end of the year *	401,678	270.0-562.5	462.9	1.9
Exercisable at the end of the year *	401,678	270.0-562.5	462.9	1.9

* Includes options exercised, pending allotment
$ Weighted average share price on the date of exercise ₹ 690.23

	March 31, 2016			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year				
Number of options – post-merger of Erstwhile RLL with the transferee company	1,169,545	270.0-703.0	496.0	3.3
No. of options on Account of rounding off of the fraction to the next higher whole number as per the merger Scheme	41	270.0-703.0	496.0	3.3
Total Number of options outstanding	1,169,586	270.0-703.0	496.0	3.3
Exercised during the year#	(447,825)	270.0-703.0	518.9	
Lapsed during the year	(111,022)	270.0-703.0	479.9	
Outstanding at the end of the year^	610,739	270.0-703.0	480.9	2.5
Exercisable at the end of the year^	610,739	270.0-703.0	480.9	

^ Includes options exercised, pending allotment
# Weighted average share price on the date of exercise ₹ 823.63

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

The movement of the options (post split) granted under SUN-ESOP 2015 for the current year is

	March 31, 2017			
	Stock options (numbers)	Exercise price (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	169,913	6.3	6.3	1.1
Forfeited during the year	(11,179)	6.3	6.3	
Exercised during the year#	(93,015)	6.3	6.3	
Lapsed during the year	(13,435)	6.3	6.3	
Outstanding, end of the year*	52,284	6.3	6.3	0.4
Exercisable at the end of the year*	941	6.3	6.3	

* Includes options exercised, pending allotment

Weighted average share price on the date of exercise ₹ 802.00

	March 31, 2016			
	Stock options (numbers)	Exercise price (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year				
Number of options – post-merger of Erstwhile RLL with the transferee company	449,430	6.3	6.3	1.7
No. of options on Account of rounding off of the fraction to the next higher whole number as per the merger Scheme	1,368	6.3	6.3	0.9
No of options of certain overseas employees	4,968	6.3	6.3	0.9
Total Number of options outstanding	455,766	6.3	6.3	0.9
Forfeited during the year	(43,326)	6.3	6.3	
Exercised during the year # ^	(224,201)	6.3	6.3	
Lapsed during the year	(18,326)	6.3	6.3	
Outstanding, end of the year	169,913	6.3	6.3	1.1
Exercisable at the end of the year $	40,259	6.3	6.3	0.2

$ Include options exercised, pending allotment.

Shares allotted by the ESOP Trust against the options exercised including 1,066 shares equivalent to 1,333 shares issued by Erstwhile RLL prior to 10th April, 2015.

^ Weighted average share price on the date of exercise ₹ 848.68

During the current year, the Company has recorded a Stock-based employee compensation expense of ₹ 30.8 Million (March 31, 2016: ₹ 90.6 Million). The amount has been determined under a fair value method wherein the grant date fair value of the options was calculated by using Black Scholes pricing model.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

The following table summarizes the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2015: @@

Particulars	Year ended 31 March, 2015
Grant Date	08-May-14
Dividend yield	0.43%
Expected life of options from the date(s) of grant	1.25, 2.25 and 3.25 years
Risk free interest rate	8.57% (1.25 years)
	8.65% (2.25 years)
	8.71% (3.25 years)
Expected volatility	40.47%
Grant date fair value	₹ 462.39 (1.25 years)
	₹ 460.79 (2.25 years)
	₹ 459.16 (3.25 years)

@@ Assumptions used are as applicable at the date of grant in the context of erstwhile RLL

The Black –Scholes option-pricing model was developed for estimating fair value of trade options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessary provide a reliable measurable of fair value of options. The volatility in the share price is based on volatility of historical stock price of the erstwhile RLL for last 60 months.

Note 51

BORROWINGS

(A) Details of long term borrowings and current maturities of long term debt (included under other current financial liabilities)

(I) Unsecured External Commercial Borrowings (ECBs) has 6 loans aggregating of USD 256 Million (March 31, 2016 : USD 266 Million, April 01, 2015 : USD 288 Million) equivalent to ₹ 16,602.9 Million (March 31, 2016 : ₹ 17,625.2 Million, April 01, 2015 : ₹ 18,001.4 Million) [(included in long term borrowings ₹ 7,523.2 Million (March 31, 2016 : ₹ 15,902.4 Million, April 01, 2015 : ₹ 11,625.9 Million) and in current maturity of long term debt ₹ 9,079.7 Million (March 31, 2016 : ₹ 1,722.8 Million, April 01, 2015 : ₹ 6,375.5 Million))]. For the ECB loans outstanding as at March 31, 2017, the terms of repayment for borrowings are as follows:

(a) USD Nil (March 31, 2016 : USD Nil, April 01, 2015 : USD 50 Million) equivalent to ₹ Nil (March 31, 2016 : ₹ Nil, April 01, 2015 : ₹ 3,125.2 Million). The loan was taken on August 12, 2010. The outstanding amount has been repaid in previous year.

(b) USD Nil (March 31, 2016 : USD Nil, April 01, 2015 : USD 30 Million) equivalent to ₹ Nil (March 31, 2016 : ₹ Nil, April 01, 2015 : ₹ 1,875.2 Million). The loan was taken on September 9, 2010. The outstanding amount has been repaid in previous year.

(c) USD 10 Million (March 31, 2016 : USD 20 Million, April 01, 2015 : USD 30 Million) equivalent to ₹ 648.6 Million (March 31, 2016 : ₹ 1,325.2 Million, April 01, 2015 : ₹ 1,875.2 Million). The loan was taken on June 30, 2011 and is repayable in 3 equal installments of USD 10 Million each at the end of 4th year, 5th year and 6th year. Second installment of USD 10 Million has been repaid in current year and first installment of USD 10 Million was repaid in previous year. The last installment is due on June 30, 2017.

(d) USD 50 Million (March 31, 2016 : USD 50 Million, April 01, 2015 : USD 50 Million) equivalent to ₹ 3,242.8 Million (March 31, 2016 : ₹ 3,313.0 Million, April 01, 2015 : ₹ 3,125.2 Million). The loan was taken on September 20, 2012 and is repayable on September 19, 2017.

(e) USD 100 Million (March 31, 2016 : USD 100 Million, April 01, 2015 : USD 100 Million) equivalent to ₹ 6,485.5 Million (March 31, 2016 : ₹ 6,626.0 Million, April 01, 2015: ₹ 6,250.5 Million). The loan was taken on June 4, 2013 and is repayable on June 3, 2018.

(f) USD Nil (March 31, 2016 : USD 16 Million, April 01, 2015 : USD 28 Million) equivalent to ₹ Nil (March 31, 2016 : ₹ 1,060.2 Million, April 01, 2015 : ₹ 1,750.1 Million). Loan of USD 40 Million was taken on March 25, 2011 and was repayable in 3 installments viz., 30% each of the drawn amount at the end of 4th year and 5th year and 40% of the drawn amount at the end of the 6th year. The last installment of USD 16 Million has been repaid in current year. First and Second installment of USD 12 Million each has been repaid in previous years.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

(g) USD 50 Million (March 31, 2016 : USD 50 Million, April 01, 2015 : USD Nil) equivalent to ₹ 3,242.8 Million (March 31, 2016 : ₹ 3,313.0 Million, April 01, 2015 : ₹ Nil). The loan was taken on August 11, 2015 and is repayable on August 11, 2017.

(h) USD 30 Million (March 31, 2016 : USD 30 Million, April 01, 2015 : USD Nil) equivalent to ₹ 1,945.7 Million (March 31, 2016 : ₹ 1,987.8 Million, April 01, 2015 : ₹ Nil). The loan was taken on September 09, 2015 and is repayable on September 08, 2017.

(i) USD 16 Million (March 31, 2016 : USD Nil, April 01, 2015 : USD Nil) equivalent to ₹ 1,037.7 Million (March 31, 2016 : ₹ Nil, April 01, 2015 : ₹ Nil). The loan was taken on March 24, 2017 and is repayable on March 22, 2019.

(II) Unsecured Loan under Foreign Currency Non Resident (FCNR B) Scheme of USD 50 Million (March 31, 2016 : USD 50 Million, April 01, 2015 : USD Nil) equivalent to ₹ 3,242.8 Million (March 31, 2016 : ₹ 3,313.0 Million, April 01, 2015 : ₹ Nil). The loan was taken on August 19, 2015 and is repayable on August 18, 2017.

(III) Redeemable non-convertible debentures of ₹ Nil (March 31, 2016 : ₹ Nil, April 01, 2015 : ₹ 5,000.0 Million) issued on November 23, 2012 for a period of 36 months at a coupon rate of 9.20% p.a. Such debentures were secured by a pari-passu first ranking charge on the Company's specified fixed assets so as to provide a fixed asset cover of 1.25x and were listed on the National Stock Exchange. The loan was taken on November 23, 2012 and has been repaid in previous year.

(IV) Unsecured term loan of ₹ Nil (March 31, 2016 : ₹ Nil, April 01, 2015 : ₹ 2,500.0 Million) has been repaid in previous year.

(V) Secured term loan from department of biotechnology of ₹ 108.2 Million (March 31, 2016 : ₹ 77.3 Million, April 01, 2015 : ₹ 77.3 Million) has been secured by hypothecation of assets and goods of the Company. The loan is repayable in 10 equal half yearly installments commencing from December 26, 2018, last installment is due on June 26, 2023.

The Company has not defaulted on repayment of loan and interest payment thereon during the year.

(B) Details of securities for Short term Borrowings are as follows:

First charge has been created on a pari-passu basis, by hypothecation of inventories and receivables, both present and future.

Note 52

FIRST TIME IND AS ADOPTION RECONCILIATION

Explanation to transition to Ind AS

Ind AS 101 -"First-time Adoption of Indian Accounting Standards" requires that all Ind AS and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended March 31, 2017 for the Company, be applied retrospectively and consistently for all financial years presented, except for the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as described below. The Company has recognised all assets and liabilities whose recognition is required by Ind AS and has not recognised items of assets or liabilities which are not permitted by Ind AS, reclassified items from previous GAAP to Ind AS as required under Ind AS and applied Ind AS in measurement of recognised assets and liabilities.

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

Hedge accounting

At the date of transition to Ind AS, the Company has measured all derivatives at fair value through profit or loss and eliminated all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP assets or liabilities.

Classification and measurement of financial assets

The Company has assessed conditions for classification of the financial assets on the basis of the facts and circumstances that were exist on the date of transition to Ind AS.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 "Determining

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

whether an Arrangement contains a Lease" to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date

Deemed cost of property, plant and equipment and intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at April 01, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances as at the date of transition to Ind AS. The Company has elected to apply this exemption for its investments in certain equity instruments.

Compound financial instruments

Under Ind AS 32, the Company should split compound financial instruments into separate equity and liability components. Ind AS 101 provides that if the liability component is no longer outstanding at the date of transition, a first-time adopter does not have to separate it from the component instrument. The Company has elected to apply this exemption for its compound financial instruments.

Fair value measurement of financial assets and financial liabilities at initial recognition

The Company has applied the requirements in paragraph B5.1.2A (b) of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. This exemption has been availed by the Company.

Non - current assets held for sale and discontinued operations

Ind As 105 requires that asset classified as non - current as per Ind AS 1 are not reclassified as current assets until they meet criteria to be classified as held for sale. The adopter can opt to either value those assets at carrying amount or fair value less cost of sale at the transition date and record any difference between such amount and carrying value directly to retained earnings. The Company has applied for this exemption.

Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

Share-based payment transactions

As per previous GAAP, the Company had applied the fair value recognition and measurement principles similar to those prescribed under Ind AS 102 for all options granted before the Transition Date. Consequently, this exemption was not required to be applied.

Excise duty

Under the previous GAAP, excise duty was netted off against sale of products. However, under Ind AS, excise duty is included in sale of products and is separately presented as expense in the statement of profit and loss.

₹ in Million

	Footnote No.	As at March 31, 2016	As at April 01, 2015
Reconciliation of total equity			
Total equity as per previous GAAP *		214,830.9	227,713.7
Add / (less) : Adjustments for GAAP differences			
Effect of measuring derivative instruments at fair value through profit or loss	a	923.2	824.6
Discount / (unwinding of discount) on provisions	b	753.7	1,222.1
Recognition of intangible assets not eligible for recognition under Previous GAAP	c	30.1	-
Adjustment for proposed dividend (including corporate dividend tax)	d	2,481.5	8,689.2
Provision for expected credit losses	e	(190.5)	(113.9)
Other Ind AS adjustments	f	78.1	193.5
Total equity as per Ind AS		**218,907.0**	**238,529.2**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Footnote No.	Year ended March 31, 2016
Reconciliation of total comprehensive income		
Net profit as per previous GAAP		(10,733.6)
Effect of measuring derivative instruments at fair value through profit or loss	a	99.4
Effect of measuring investments at fair value through profit or loss	a	(0.7)
Discount / (unwinding of discount) on provisions	b	(468.3)
Remeasurement of defined benefit obligation recognised in OCI under Ind AS	f	266.8
Recognition of intangible assets not eligible for recognition under Previous GAAP	c	30.1
Provision for expected credit losses	e	(76.7)
Other Ind AS adjustments		7.9
Net profit as per Ind AS		**(10,875.1)**
Other comprehensive income		**(247.9)**
Total comprehensive income as per Ind AS		**(11,123.0)**

₹ in Million

	Previous GAAP	Effect of transition to Ind AS (Refer footnote g)	Ind AS
Year ended March 31, 2016			
Reconciliation of cash flow			
Net cash flows from operating activities	(12,444.5)	(100.4)	(12,544.9)
Net cash flows from investing activities	36,301.9	90.1	36,392.0
Net cash flows from financing activities	(24,251.2)	570.9	(23,680.3)
Net increase / (decrease) in cash and cash equivalents	**(393.8)**	**560.6**	**166.8**

* Equity as per previous GAAP includes Share capital, Share suspense account, Reserves and Surplus

Notes on reconciliations between previous GAAP and Ind AS

a) Derivative instruments at fair value through profit or loss

Under previous GAAP, derivative instruments entered into for hedging the foreign currency fluctuation risk were accounted for on the principles of prudence. Pursuant to this, losses, if any, on Mark to Market basis, were recognised and gains were not recognised. Under Ind AS, gains on derivative instruments have been measured at fair value through profit or loss and gains or losses are recognised in the statement of profit and loss.

b) Discounting / (unwinding of discount) of provisions

Under Ind AS, long term provisions are to be measured at present value at the date of transition.

c) Separately acquired intangible assets

Under Ind AS, separately acquired intangible assets shall be capitalised which were not eligible for capitalisation under previous GAAP.

d) Proposed dividend (including dividend distribution tax)

Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the period in which the obligation to pay is established. Under previous GAAP, dividend proposed was recorded as a provision in the period to which it relates.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

e) **Expected credit loss**

Under previous GAAP, the Group had created provision for doubtful debts based on specific amount for incurred losses. Under Ind AS, the allowance for doubtful debts has been determined based on expected credit loss model.

f) **Employee benefits**

Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods.

g) **Effect of transition to Ind AS on Standalone Cash Flow Statement for the year ended March 31, 2016**

Net increase in cash and cash equivalents represents movement in cash credit facilities considered as a component of cash and cash equivalents under Ind AS which as per previous GAAP, was considered as financing activity. Other Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities and has no impact on the net cash flow for the year ended 31st March, 2016 as compared with the previous GAAP.

Note 53

RELATED PARTY DISCLOSURES AS PER (IND AS 24) ANNEXURE "A"

Note 54

LOANS / ADVANCES GIVEN TO SUBSIDIARIES AND ASSOCIATES

₹ in Million

	As at March 31, 2017	Maximum balance March 31, 2017	As at March 31, 2016	Maximum balance March 31, 2016	As at April 01, 2015
Loans / Advances outstanding from Subsidiaries					
Green Eco Development Centre Ltd	-	4.8	4.4	4.4	4.4
Neetnav Real Estate Private Limited	-	-	-	0.4	0.4
Ranbaxy Drugs Limited	-	-	-	25.6	25.6
Loans / Advances outstanding from an Associate					
Loans					
Interest bearing with specified payment schedule:					
Zenotech Laboratories Limited, India *	-	726.9	-	663.5	-
Considered good	-	-	-	-	326.8
Considered doubtful	726.9	-	663.5	-	274.0
Less: Provision for doubtful loans / advances	726.9	-	663.5	-	274.0
	-		-		**326.8**

* Includes interest accrued on loans amounting to ₹ 214.9 Million in March 31, 2017, ₹ 151.5 Million in March 31, 2016 and ₹ 88.8 million in April 01, 2015.

These loans have been granted to the above entities for the purpose of their business.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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Note 55

In respect of any present obligation as a result of past event that could lead to a probable outflow of resources, provisions has been made, which would be required to settle the obligation. The said provisions are made as per the best estimate of the management and disclosure as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets" has been given below :

₹ in Million

	As at March 31, 2017			As at March 31, 2016		
	Product and Sales related*	Consultancy charges	Total	Product and Sales related*	Consultancy charges	Total
At the commencement of the year	26,206.6	-	26,206.6	26,018.4	508.1	26,526.5
Add: Provision for the year	840.0	-	840.0	829.2	-	829.2
Add: Unwinding of discounts on provisions	437.8	-	437.8	538.0	-	538.0
Add / (less): Foreign currency exchange fluctuation	(486.8)	-	(486.8)	1,319.0	-	1,319.0
Less: Utilisation / settlement	(2,000.6)	-	(2,000.6)	(2,498.0)	(508.1)	(3,006.1)
At the end of the year	24,997.0	-	24,997.0	26,206.6	-	26,206.6

(*) includes provision for trade commitments, discounts, rebates, price reduction and product returns

Note 56

DETAILS OF SPECIFIED BANK NOTES HELD AND TRANSACTED DURING THE PERIOD NOVEMBER 08, 2016 AND DECEMBER 30, 2016 IS AS UNDER:

All amounts in absolute ₹

	Specified bank notes *	Others	Total
Cash in hand as on November 08, 2016	2,275,500	4,274,623	6,550,123
Permitted receipts during November 08, 2016 and December 30, 2016	-	13,536,545	13,536,545
Permitted payments during November 08, 2016 and December 30, 2016	-	(11,919,675)	(11,919,675)
Amount deposited in banks	(2,275,500)	-	(2,275,500)
Cash in hand as on December 30, 2016	-	5,891,493	5,891,493

* Specified bank notes are currency notes of ₹ 500 and ₹ 1000 discontinued vide notification S.O. 3407(E) dated November 08, 2016

Note 57

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹ 24.1 Million (Previous Year ₹ 116.5 Million).

Note 58

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

1 Fair value measurement of Financial Instruments

When the fair values of financials assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

2 Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

3 Assets and obligations relating to employee benefits

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

4 Tax expense [Refer Note 2(q)]

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA can not be recognised on want of probable taxable profits.

5 Provisions [Refer Note 2(m)]

6 Write down in value of inventories (Refer Note 13)

7 Contingencies (Refer Note 40)

Note 59

1 Consequent to the amalgamation of erstwhile Ranbaxy Laboratories Limited (RLL) into the Company as referred in Note 59(4), Zenotech Laboratories Limited ('Zenotech') had become an associate of the Company. The erstwhile RLL had granted certain loans to Zenotech which were outstanding and inherited by the Company. The Company has not granted any further loans to Zenotech post effective date of amalgamation i.e. March 24, 2015. The balance of this inherited outstanding loan is ₹ 512.0 Million. The Company is in process of evaluating various options in relation to recovery of the outstanding loans and interest thereon of ₹ 214.9 Million (March 31, 2016 : ₹ 151.5 Million, April 01, 2015 : ₹ 88.8 Million).

2 Intangible assets consisting of trademarks, designs, technical knowhow, non-compete fees and other intangible assets are available to the Company 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 Company.

3 Exceptional item for previous year represents charge on account of impairment of certain Property, Plant and Equipment and Intangible assets. This charge had arisen on account of the integration and optimization exercise being carried out for certain manufacturing facilities. The recoverable amount of the said assets is its value in use which is determined for a period of less than one year.

4 Pursuant to the Scheme of Arrangement u/s 391 to 394 of the Companies Act 1956 for amalgamation of erstwhile RLL with the Company as sanctioned by the Hon'ble High Court of Gujarat and Hon'ble High Court of Punjab and Haryana on March 24, 2015 (effective date) all the assets, liabilities and reserves of erstwhile RLL were transferred to and vested in the Company with effect from April 1, 2014, the appointed

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

date. Erstwhile RLL along with its subsidiaries and associates was operating as an integrated international pharmaceutical organisation with business encompassing the entire value chain in the production, marketing and distribution of pharmaceutical products. The scheme was accordingly been given effect to in the financial statements for the year ended March 31, 2015.

On April 10, 2015, in terms of the Scheme of Arrangement 0.80 equity share of ₹ 1 each (Number of Shares 334,956,764 including 186,516 Shares held by ESOP trust) of the Company has been allotted to the shareholders of erstwhile RLL for every 1 share of ₹ 5 each (Number of Shares 418,695,955 including 233,146 shares held by ESOP trust) held by them in the share capital of erstwhile RLL, after cancellation of 6,967,542 shares of erstwhile RLL. An amount of ₹ 1,792.4 Million being the excess of share capital of erstwhile RLL over the amount recorded as the share capital (which was outstanding to be issued by the Company as on April 1, 2015 and disclosed as Share Suspense Account) was credited to Capital Reserve.

5 Out of a MAT credit entitlement of ₹ 8,222.7 Million which was written down by the erstwhile RLL during the quarter ended December 31, 2014, an amount of ₹ 7,517.0 Million was recognised by the Company in the year ended March 31, 2015, on a reassessment by the Management, based on convincing evidence that the combined amalgamated entity would pay normal income tax during the specified period and would therefore be able to utilize the MAT credit entitlement so recognised.

6 Since the US-FDA import alert at Karkhadi facility in March 2014, the Company remained fully committed to implement all corrective measures to address the observations made by the US-FDA with the help of third party consultant. Substantial progress has been made at the Karkhadi facility in terms of completing the action items to address the observations made by the US-FDA in its warning letter issued in May 2014. The Company is continuing to work closely and co-operatively with the US-FDA to resolve the matter. The contribution of this facility to Company's revenues is not significant.

7 The US-FDA, on January 23, 2014, had prohibited using API manufactured at Toansa facility for manufacture of finished drug products intended for distribution in the U.S. market. Consequentially, the Toansa manufacturing facility was subject to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In addition, the Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey had also issued an administrative subpoena dated March 13, 2014 seeking information primarily related to Toansa manufacturing facility for which a Form 483 containing findings of the US-FDA was issued in January 2014. The Company is continuing to fully cooperate and is in dialogue with the US DOJ, and continuing to provide requisite information.

8 In December 2015, the US-FDA issued a warning letter to the manufacturing facility at Halol. Subsequently, a re-inspection was carried out by the US-FDA in November 2016. At the conclusion of the inspection, FDA issued a Form 483 with nine observations. The Company has submitted its response documenting the corrective measures to resolve the 483 observations. The Company is providing regular updates to US-FDA on the progress of the corrective actions. The Company is continuing to manufacture and distribute products to the U.S from Halol facility and at the same time working closely and co-operatively with the US-FDA to resolve the matter.

9 In September 2013, the US-FDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In November 2016, the US-FDA conducted a re-inspection of the Mohali facility post the completion of remediation work at the facility. As a result of this re-inspection, in March 2017, the US-FDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The Mohali facility will continue to remain under consent decree under certain other provisions of the decree for a fixed period of time to demonstrate sustainable cGMP compliance.

10 In accordance with Ind AS 108 "Operating Segments", segment information has been given in the consolidated Ind AS financial statements, and therefore, no separate disclosure on segment information is given in these financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

11 Remuneration to the Managing Director and the Whole-time Director(s) of the Company for the years ended March 31, 2015, March 31, 2016 and March 31, 2017 are higher by ₹ 49.6 Million, ₹ 29.6 Million and ₹ 44.7 Million respectively than the amounts approved by the Central Government of India (Ministry of Corporate Affairs) on applications made by the Company to approve the maximum remuneration as approved by the members of the Company for the three years ended March 31, 2017, in excess of the limits specified under Schedule V to the Companies Act, 2013, in case of inadequacy of profits. The Company has re-represented to the office of the Ministry of Corporate Affairs (MCA) for approval of remuneration within the overall limits approved by the members of the Company for the years ended March 31, 2015 and March 31, 2016, and that for the year ended March 31, 2017, applications for revision in the remuneration, as approved by the members of the Company, has been made to the MCA. The responses in respect of the foregoing re-representation / applications for revision are awaited from the MCA. On receipt of the requisite approvals, the balance amount of remuneration for the aforesaid years, if any, as per their entitlement, shall be paid to the Managing Director and the Whole-time Director(s), as applicable, and the same shall be given effect to in the year in which the approval is received.

Excess remuneration, if any, after final approval in respect of the re-representation/applications for revision is received, shall be refunded by the respective Managing Director and the Whole-time Director(s).

12 As at March 31, 2017, the Company has received an amount of ₹ 0.0 Million (₹ 7,177) towards share application money for 1,148 equity shares of the Company. The Company will allot these equity shares during the next financial year. The Company has sufficient authorised capital to cover the allotment of these shares. Pending allotment of shares, the amounts are maintained in a designated bank account and are not available for use by the Company.

13 The Company completed buy-back of 7,500,000 equity shares of ₹ 1 each (representing 0.31% of total pre buy-back paid up equity capital) on October 18, 2016, from the shareholders on a proportionate basis by way of a tender offer at a price of ₹ 900 per equity share for an aggregate amount of ₹ 67,500 Lakhs in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 1998. This buy-back of equity shares was approved by the Board of Directors of the Company at its meeting held on June 23, 2016.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Ind AS- 24 - " RELATED PARTY DISCLOSURES "

ANNEXURE "A"

		Country of Incorporation	Proportion of ownership interest for the year ended		
			March 31, 2017	March 31, 2016	April 01, 2015
Names of related parties where control exists and description of relationships					
a	**Subsidiaries**				
	Direct Subsidiaries				
	Green Eco Development Centre Limited	India	100.00%	100.00%	100.00%
	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	72.50%	72.50%	72.50%
	Sun Pharmaceutical Industries, Inc.	United States of America	100.00%	100.00%	100.00%
	Sun Farmaceutica Do Brasil Ltda.	Brazil	100.00%	100.00%	100.00%
	Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%	75.00%
	SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%	100.00%
	Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%	99.33%
	OOO "Sun Pharmaceutical Industries" Limited	Russia	100.00%	100.00%	99.00%
	Sun Pharma De Venezuela, C.A.	Venezuela	100.00%	100.00%	100.00%
	Sun Pharma Laboratories Limited	India	100.00%	100.00%	100.00%
	Faststone Mercantile Company Private Limited	India	100.00%	100.00%	100.00%
	Neetnav Real Estate Private Limited	India	100.00%	100.00%	100.00%
	Realstone Multitrade Private Limited	India	100.00%	100.00%	100.00%
	Skisen Labs Private Limited	India	100.00%	100.00%	100.00%
	Sun Pharma Holdings	Mauritius	99.99%	99.99%	99.99%
	Softdeal Trading Company Private Limited	India	100.00%	100.00%	100.00%
	Ranbaxy Pharmacie Generiques	France	100.00%	100.00%	100.00%
	Ranbaxy Drugs Limited	India	100.00%	100.00%	100.00%
	Vidyut Investments Limited	India	100.00%	100.00%	100.00%
	Gufic Pharma Limited	India	100.00%	100.00%	100.00%
	Ranbaxy (Malaysia) Sdn. Bhd.	Malaysia	71.22%	71.22%	71.22%
	Ranbaxy Nigeria Limited	Nigeria	85.31%	85.31%	85.31%
	Ranbaxy (Netherlands) B.V.	Netherlands	100.00%	100.00%	100.00%
	Foundation for Disease Elimination and Control of India (Refer Footnote 1)	India	100.00%	-	-
	Step down Subsidiaries				
	Caraco Pharma Inc. (Refer Footnote 2)	United States of America	-	100.00%	100.00%
	Chattem Chemicals Inc.	United States of America	100.00%	100.00%	100.00%
	The Taro Development Corporation	United States of America	100.00%	100.00%	100.00%
	Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%	99.99%
	Sun Pharmaceuticals UK Limited	United Kingdom	100.00%	100.00%	100.00%
	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	100.00%	100.00%	100.00%
	Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%	100.00%
	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	100.00%	100.00%	100.00%
	Sun Pharmaceuticals Italia S.R.L.	Italy	100.00%	100.00%	100.00%
	Sun Pharmaceuticals Spain, S.L.U. (Refer Footnote 3)	Spain	100.00%	100.00%	100.00%
	Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%	100.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	Country of Incorporation	Proportion of ownership interest for the year ended		
		March 31, 2017	March 31, 2016	April 01, 2015
Sun Pharmaceuticals France	France	100.00%	100.00%	100.00%
Sun Pharma Global FZE	United Arab Emirates	100.00%	100.00%	100.00%
Sun Pharmaceuticals (SA) (Pty) Ltd.	South Africa	100.00%	100.00%	100.00%
Sun Global Canada Pty. Ltd.	Canada	100.00%	100.00%	100.00%
Sun Pharma Philippines, Inc.	Philippines	100.00%	100.00%	100.00%
Sun Pharmaceuticals Korea Ltd.	Korea	100.00%	100.00%	100.00%
Sun Global Development FZE	United Arab Emirates	100.00%	100.00%	100.00%
Caraco Pharmaceuticals Private Limited	India	100.00%	100.00%	100.00%
Sun Pharma Japan Ltd.	Japan	100.00%	100.00%	100.00%
Sun Pharma Healthcare FZE	United Arab Emirates	100.00%	100.00%	100.00%
Morley & Company, Inc.	United States of America	100.00%	100.00%	100.00%
Sun Laboratories FZE	United Arab Emirates	100.00%	100.00%	100.00%
Taro Pharmaceutical Industries Ltd. (TARO) (Refer Footnote 17)	Israel	72.81%	68.98%	68.87%
Taro Pharmaceuticals Inc.	Canada	72.81%	68.98%	68.87%
Taro Pharmaceuticals U.S.A., Inc.	United States of America	72.81%	68.98%	68.87%
Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	72.81%	68.98%	68.87%
Taro Pharmaceuticals Europe B.V.	Netherlands	72.81%	68.98%	68.87%
Taro Pharmaceuticals Ireland Limited	Ireland	72.81%	68.98%	68.87%
Taro International Ltd.	Israel	72.81%	68.98%	68.87%
Taro Pharmaceuticals (UK) Limited	United Kingdom	72.81%	68.98%	68.87%
Taro Hungary Intellectual Property Licensing Limited Liability Company (Refer Footnote 3)	Hungary	72.81%	68.98%	68.87%
3 Skyline LLC	United States of America	72.81%	68.98%	68.87%
One Commerce Drive LLC	United States of America	72.81%	68.98%	68.87%
Taro Pharmaceutical Laboratories Inc	United States of America	72.81%	68.98%	68.87%
Taro Pharmaceuticals Canada, Ltd.	Canada	72.81%	68.98%	68.87%
Taro Pharmaceutical India Private Limited (Refer Footnote 6)	India	72.81%	68.98%	68.87%
Alkaloida Sweden AB	Sweden	100.00%	100.00%	100.00%
Dusa Pharmaceuticals, Inc.	United States of America	100.00%	100.00%	100.00%
Dusa Pharmaceuticals New York, Inc. (Refer Footnote 3)	United States of America	100.00%	100.00%	100.00%
Sirius Laboratories Inc (Refer Footnote 3)	United States of America	100.00%	100.00%	100.00%
URL Pharma, Inc (Refer Footnote 7)	United States of America	-	100.00%	100.00%
AR Scientific, Inc (Refer Footnote 8)	United States of America	-	100.00%	100.00%
Mutual Pharmaceutical Company Inc.	United States of America	100.00%	100.00%	100.00%
United Research Laboratories, Limited (Refer Footnote 8)	United States of America	-	100.00%	100.00%
Dungan Mutual Associates, LLC	United States of America	100.00%	100.00%	100.00%
URL PharmPro, LLC	United States of America	100.00%	100.00%	100.00%
2 Independence Way LLC	United States of America	100.00%	100.00%	-
Thallion Pharmaceutical Inc., (Refer Footnote 9)	United States of America	100.00%	-	-
Universal Enterprises Private Limited	India	100.00%	100.00%	100.00%
Sun Pharma Switzerland Limited	Switzerland	100.00%	100.00%	100.00%
Silverstreet Developers LLP (Refer Footnote 5)	India	-	100.00%	100.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	Country of Incorporation	Proportion of ownership interest for the year ended		
		March 31, 2017	March 31, 2016	April 01, 2015
Sun Pharma East Africa Limited (Refer Footnote 10)	Kenya	100.00%	100.00%	100.00%
Pharmalucence, Inc. (Refer Footnote 10)	United States of America	100.00%	100.00%	100.00%
PI Real Estate Ventures, LLC (Refer Footnote 10)	United States of America	100.00%	100.00%	100.00%
Sun Pharma ANZ Pty Ltd (formerly known as Ranbaxy Australia Pty Ltd)	Australia	100.00%	100.00%	100.00%
Ranbaxy Belgium N.V. (Refer Footnote 11)	Belgium	-	100.00%	100.00%
Ranbaxy Farmaceutica Ltda.	Brazil	100.00%	100.00%	100.00%
Ranbaxy Pharmaceuticals Canada Inc.	Canada	100.00%	100.00%	100.00%
Ranbaxy Egypt LLC	Egypt	100.00%	100.00%	100.00%
Rexcel Egypt LLC	Egypt	100.00%	100.00%	100.00%
Office Pharmaceutique Industriel Et Hospitalier	France	100.00%	100.00%	100.00%
Basics GmbH	Germany	100.00%	100.00%	100.00%
Ranbaxy GmbH	Germany	100.00%	100.00%	100.00%
Ranbaxy Ireland Limited	Ireland	100.00%	100.00%	100.00%
Ranbaxy Italia S.P.A.	Italy	100.00%	100.00%	100.00%
Sun Pharmaceutical Industries S.A.C. (formerly known as Ranbaxy - PRP (Peru) S.A.C.)	Peru	100.00%	100.00%	100.00%
Ranbaxy (Poland) Sp. Z o.o.	Poland	100.00%	100.00%	100.00%
Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda (Refer Footnote 11)	Portugal	-	100.00%	100.00%
S.C Terapia S.A.	Romania	96.70%	96.70%	96.70%
AO Ranbaxy (formerly known as ZAO Ranbaxy)	Russia	100.00%	100.00%	100.00%
Ranbaxy South Africa Proprietary Limited	South Africa	100.00%	100.00%	100.00%
Ranbaxy Pharmaceutical Proprietary Limited	South Africa	100.00%	100.00%	100.00%
Be-Tabs Investments Proprietary Limited	South Africa	100.00%	100.00%	100.00%
Sonke Pharmaceuticals Proprietary Limited	South Africa	70.00%	70.00%	70.00%
Laboratorios Ranbaxy, S.L.U.	Spain	100.00%	100.00%	100.00%
Ranbaxy (U.K.) Limited	United Kingdom	100.00%	100.00%	100.00%
Ranbaxy Holdings (U.K.) Limited	United Kingdom	100.00%	100.00%	100.00%
Ranbaxy Europe Limited	United Kingdom	100.00%	100.00%	100.00%
Ranbaxy Inc.	United States of America	100.00%	100.00%	100.00%
Ranbaxy Pharmaceuticals, Inc.	United States of America	100.00%	100.00%	100.00%
Ranbaxy (Thailand) Company Limited	Thailand	100.00%	100.00%	100.00%
Ohm Laboratories, Inc.	United States of America	100.00%	100.00%	100.00%
Ranbaxy Laboratories, Inc.	United States of America	100.00%	100.00%	100.00%
Ranbaxy Signature LLC	United States of America	67.50%	67.50%	67.50%
Sun Pharmaceuticals Morocco LLC (formerly known as Ranbaxy Morocco LLC)	Morocco	100.00%	100.00%	100.00%
"Ranbaxy Pharmaceuticals Ukraine" LLC	Ukraine	100.00%	100.00%	100.00%
Perryton Wind Power LLC (Refer Footnote 3 and 12)	United States of America	100.00%	100.00%	-
Insite Vision Incorporated (Refer Footnote 12)	United States of America	100.00%	100.00%	-
Insite Vision Ltd. (Refer Footnote 12)	United Kingdom	100.00%	100.00%	-
Thea Acquisition Corporation (Refer Footnote 12 and 13)	United States of America	-	100.00%	-
Zalicus Pharmaceuticals Limited (Refer Footnote 12 and 14)	Canada	-	100.00%	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

		Country of Incorporation	Proportion of ownership interest for the year ended		
			March 31, 2017	March 31, 2016	April 01, 2015
	Sun Pharma Medisales Pvt Ltd. (formerly known as Solrex Pharmaceuticals Company) (Refer Footnote 16)	India	100.00%	-	-
	Sun Pharmaceutical Medicare Limited (Refer Footnote 1)	India	100.00%	-	-
	Ocular Technologies SARL (Refer Footnote 1)	Switzerland	100.00%	-	-
	JSC Biosintez (Refer Footnote 1)	Russia	85.10%	-	-
	Sun Pharmaceuticals Holdings USA, INC (Refer Footnote 1)	United States of America	100.00%	-	-
	Names of related parties where there are transactions and description of relationships				
b	**Joint Ventures**				
	S & I Ophthalmic LLC	United States of America	50.00%	50.00%	50.00%
c	**Associates**				
	Zenotech Laboratories Limited	India	46.84%	46.84%	46.84%
	Daiichi Sankyo (Thailand) Ltd. (Refer Footnote 15)	Thailand	26.90%	26.90%	26.90%
d	**Key Managerial Personnel**				
	Dilip S. Shanghvi	Managing Director			
	Sudhir V. Valia	Executive Director			
	Sailesh T. Desai	Executive Director			
	Israel Makov	Chairman and Non-Executive Director			
	Kalyansundaram Subramanian (w.e.f. February 14, 2017)	Executive Director			
	S. Mohanchand Dadha	Non- Executive Director			
	Hasmukh S. Shah	Non- Executive Director			
	Keki M. Mistry	Non- Executive Director			
	Ashwin S. Dani	Non- Executive Director			
	Rekha Sethi	Non- Executive Director			
e	**Relatives of Key Managerial Personnel**				
	Aalok Shanghvi				
	Vidhi Shanghvi				
f	**Enterprise under control of Key Managerial Personnel or their relatives**				
	Makov Associates Ltd				
g	**Enterprise under significant Influence of Key Managerial Personnel or their relatives**				
	Sun Pharma Advanced Research Company Ltd				
	Sun Petrochemicals Pvt Ltd				
	PV Power Technologies Pvt. Ltd.				

Footnote

1 Incorporated / Acquired during the year.

2 Merged with Sun Pharmaceutical Industries, Inc.

3 Dissolved / Liquidated during the year.

4 Merged with Sun Pharma Global FZE.

5 Investment sold during the previous year.

6 Taro Pharmaceutical India Private Limited is under liquidation.

7 Merged into Mutual Pharmaceutical Company, Inc. during the previous year .

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

8 Merged into URL Pharma Inc. during the previous year.

9 Thallion Pharmaceutical Inc., was acquired and merged with Taro Pharmaceuticals Inc. during the year.

10 Incorporated / Acquired during the year ended March 31, 2015.

11 Dissolved / Liquidated during the previous year.

12 Incorporated / Acquired during the previous year.

13 Thea Acquisition Corporation has been merged with Insite Vision Incorporated during the previous year.

14 Acquired and subsequently amalgamated in Taro Pharmaceuticals Inc. in the previous year.

15 Daiichi Sankyo (Thailand) Ltd.'s shares were sold during the year.

16 During the year Solrex Pharmaceuticals Company, a partnership firm has been converted into company which is known as Sun Pharma Medisales Private Limited.

17 Holds voting power of 81.87% (beneficial ownership 72.81%) [March 31, 2016 79.32% (beneficial ownership 68.98%)] [April 01, 2015 79.24% (beneficial ownership 68.87%)].

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Ind AS- 24 - " RELATED PARTY DISCLOSURES "

ANNEXURE "A"

Detail of related party transaction during the year ended March 31, 2017:

₹ in Million

Particulars	March 31, 2017	March 31, 2016
Purchase of goods	2,592.8	2,100.1
Subsidiaries	2,564.6	2,078.4
Associates	12.9	20.6
Enterprise under significant influence of key managerial personnel or their relatives	15.3	1.1
Purchase of Property, Plant and Equipment	299.6	4.5
Subsidiaries	299.6	0.5
Enterprise under significant influence of key managerial personnel or their relatives	-	4.0
Sale of goods	26,332.2	23,393.0
Subsidiaries	26,276.1	23,042.6
Associates	38.8	340.4
Enterprise under significant influence of key managerial personnel or their relatives	17.3	10.0
Sale of Property, Plant and Equipment	20.1	86.7
Subsidiaries	20.1	86.3
Enterprise under significant influence of key managerial personnel or their relatives	-	0.4
Receiving of Service	1,386.2	2,000.2
Subsidiaries	1,073.0	1,609.9
Enterprise under control of key managerial personnel or their relatives	141.6	390.3
Enterprise under significant influence of key managerial personnel or their relatives	171.6	-
Reimbursement of Expenses Paid	1,154.3	1,104.0
Subsidiaries	1,136.6	1,101.2
Associates	2.8	-
Key managerial personnel (₹ 45,815)	0.0	-
Enterprise under significant influence of key managerial personnel or their relatives	14.9	2.8
Rendering of Service	860.3	1,365.2
Subsidiaries	712.5	1,132.5
Joint Ventures	11.6	0.1
Enterprise under significant influence of key managerial personnel or their relatives	136.2	232.6
Reimbursement of Expenses Received	204.1	189.4
Subsidiaries	162.6	147.8
Enterprise under significant influence of key managerial personnel or their relatives	41.5	41.6
Finance (including investment and equity contributions)	7.7	171.6
Subsidiaries	7.7	171.6
Purchase of Investment in an Associate	-	0.0
Associates (March 31, 2016 ₹ 16,380)	-	0.0
Loans / Deposit given	0.4	-
Subsidiaries	0.4	
Loans received back	4.8	0.4
Subsidiaries	4.8	0.4
Redemption of Preference Shares in Subsidiary	-	473.9
Subsidiaries	-	473.9

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

Particulars	March 31, 2017	March 31, 2016
Sales of Investment in Sun Pharma Holding	32,318.4	37,994.6
Subsidiaries	32,318.4	37,994.6
Loan Taken	9,200.0	35,480.0
Subsidiaries	9,200.0	35,480.0
Loan Repaid	17,219.9	27,545.7
Subsidiaries	17,219.9	27,545.7
Dividend Income on Preference Shares	40.0	394.3
Subsidiaries	40.0	394.3
Dividend Income on Equity Shares	2,000.7	-
Subsidiaries	2,000.7	-
Interest Income	70.4	69.9
Subsidiaries (₹ 24,066)	0.0	-
Associates	70.4	69.9
Interest Expense	116.4	1,188.8
Subsidiaries	116.4	1,188.8
Rent Income	23.5	25.2
Subsidiaries	19.3	23.8
Enterprise under significant influence of key managerial personnel or their relatives	4.2	1.4
Rent expense	2.2	9.6
Subsidiaries	2.2	9.6
Provision for doubtful Loans and Interest accrued and due on Loans	63.4	389.5
Associates	63.4	389.5
Provision in respect of losses of a subsidiary	165.4	122.9
Subsidiaries	165.4	122.9
Remuneration	90.6	63.8
Key Managerial Personnel [Refer Note 59 (11)]	77.3	50.8
Relatives of Key Managerial Personnel	13.3	13.0
Director's Sitting Fees	8.3	7.4
Withdrawal of letters of comfort given on behalf of subsidiaries	-	2,873.1
Subsidiaries	-	2,873.1

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Balance Outstanding as at the end of the year

₹ in Million

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Receivables	11,140.2	9,103.9	6,359.4
Subsidiaries	10,673.7	8,966.6	6,335.1
Joint Ventures	-	0.9	1.3
Associates	-	1.8	-
Enterprise under significant influence of key managerial personnel or their relatives	466.5	134.6	23.0
Payable	15,000.5	16,614.0	14,613.1
Subsidiaries	14,412.2	16,581.2	14,419.6
Associates	137.7	-	6.4
Key managerial personnel	4.2	5.4	19.5
Relatives of key managerial personnel	0.6	2.4	1.2
Enterprise under control of key managerial personnel or their relatives	63.0	25.0	166.4
Enterprise under significant influence of key managerial personnel or their relatives	382.8	-	-
Loan Taken	-	8,020.0	-
Subsidiaries	-	8,020.0	-
Loan Given	-	4.4	331.6
Subsidiaries	-	4.4	4.8
Associates *	-	-	326.8
Deposit Given	62.5	62.5	62.5
Subsidiaries	62.5	62.5	62.5

* Net of Provision for doubtful loans and interest accrued and due thereon of ₹ 726.9 Million [March 31, 2016 : ₹ 663.5 Million ; April 01, 2015 ₹ 274.0 Million] (Refer Note 54)

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to key managerial personnel of company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Disclosure in respect of material transaction with related parties during the year.

₹ in Million

Particulars	March 31, 2017	March 31, 2016
Purchase of goods		
Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	1,174.5	1,207.2
Sun Pharma Laboratories Limited	563.1	689.5
Purchase of Property, Plant and Equipment		
Sun Pharma Laboratories Limited	283.8	0.5
Sun Pharma Advanced Research Company Ltd	-	4.0
Sale of goods		
Be-Tabs Pharmaceuticals (Pty) Ltd.	4,157.3	-
Sun Pharma Global (FZE)	3,337.5	3,311.7
Sale of Property, Plant and Equipment		
Sun Pharma Laboratories Limited	13.0	65.8
Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	6.7	15.8
Receiving of Service		
Sun Pharma Laboratories Limited	269.2	104.8
Reimbursement of Expenses Paid		
Sun Pharmaceutical Industries, Inc.	539.6	320.7
Sun Pharmaceutical Industries (Europe) B.V.	343.9	159.9
Rendering of Service		
Sun Pharma Laboratories Limited	431.2	424.0
Reimbursement of Expenses Received		
Sun Pharma Global (FZE)	99.2	130.6
Sun Pharmaceutical Industries (Europe) B.V.	53.7	-
Sun Pharma Advanced Research Company Ltd	41.5	41.6
Finance (including investment and equity contributions)		
Green Eco Development Centre Limited	6.0	-
Ranbaxy (Netherlands) B.V.	1.5	7.8
Skisen Labs Private Limited	-	163.5
Purchase of Investment in an Associate		
Zenotech Laboratories Limited (March 31, 2016 ₹ 16,380)	-	0.0
Loans given / Deposit		
Green Eco Development Centre Limited	0.4	-
Loans received back		
Green Eco Development Centre Limited	4.8	-
Neetnav Real Estate Private Limited	-	0.4
Redemption of Preference Shares in Subsidiary		
Alkaloida Chemical Company Zrt.	-	473.9
Sales of Investment in Sun Pharma Holding		
Sun Pharma Laboratories Limited	32,318.4	37,994.6
Loan Taken		
Sun Pharma Laboratories Limited	9,200.0	35,480.0
Loan Repaid		
Sun Pharma Laboratories Limited	17,219.9	27,480.0

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

Particulars	March 31, 2017	March 31, 2016
Dividend Income on Preference Shares		
Sun Pharma Laboratories Limited	40.0	-
Alkaloida Chemical Company Zrt.	-	394.3
Dividend Income on Equity Shares		
Sun Pharma Laboratories Limited	2,000.0	-
Interest Income		
Zenotech Laboratories Limited	70.4	69.9
Interest Expense		
Sun Pharma Laboratories Limited	116.4	1,187.9
Rent Income		
Sun Pharma Laboratories Limited	19.3	23.8
Rent expense		
Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	1.5	8.9
Neetnav Real Estate Private Limited	0.7	0.7
Provision for doubtful Loans and Interest accrued and due on Loans		
Zenotech Laboratories Limited	63.4	389.5
Provision in respect of losses of a subsidiary		
Ranbaxy Pharmacie Generiques SAS	165.4	122.9
Remuneration		
Key Managerial Personnel		
Dilip S. Shanghvi @	31.8	19.3
Sailesh T. Desai	31.6	12.1
Sudhir V. Valia #	13.9	19.4
Relatives of Key Managerial Personnel		
Aalok D. Shanghvi	12.1	12.1
Director's Sitting Fees		
Hasmukh S. Shah	1.7	1.9
S. Mohanchand Dadha	1.7	1.6
Withdrawal of letters of comfort given on behalf of subsidiaries		
Ranbaxy Nigeria Limited	-	576.3
Ranbaxy Malaysia Sdn. Bhd.	-	556.2

@ Net of Refund of ₹ Nil (March 31, 2016 ₹ 1.1 Million) in respect of excess remuneration paid for financial year 2013 -14.
# Net of Refund of ₹ Nil (March 31, 2016 ₹ 1.0 Million) in respect of excess remuneration paid for financial year 2013 -14.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sun Pharmaceutical Industries Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its associates and its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements/ financial information of the subsidiaries, associates and joint ventures referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements 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, of the consolidated state of affairs of the Group, its associates and its joint ventures as at 31st March, 2017, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 64 to the consolidated Ind AS financial statements. As referred to in the said Note: Remuneration to the Managing Director and the Whole-time Director(s) of the Parent for the years ended 31st March, 2015, 31st March, 2016 and 31st March, 2017 are higher by ₹ 49.6 Million, ₹ 29.6 Million and ₹ 44.7 Million respectively than the amounts approved by the Central Government of India (Ministry of Corporate Affairs) on applications made by the Parent to approve the maximum remuneration as approved by the members of the Parent for the three years ended 31st March, 2017, in excess of the limits specified under Schedule V to the Act, in case of inadequacy of profits. The Management of the Parent have re-represented to the office of the Ministry of Corporate Affairs for approval of remuneration within the overall limits approved by the members of the Parent for the years ended 31st March, 2015 and 31st March, 2016, and for the year ended 31st March, 2017, applications for revision in the remuneration, as approved by the members of the Parent, has been made to the Ministry of Corporate Affairs. The responses in respect of the foregoing re-representation / applications for revision are awaited from the Ministry of Corporate Affairs.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements / financial information of 79 subsidiaries, whose financial statements / financial information reflect total assets of ₹ 561,913.2 Million as at 31st March, 2017, total revenues of ₹ 242,491.8 Million and net cash inflows amounting to ₹ 6,209.1 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 99.3 Million for the year ended 31st March, 2017, as considered in the consolidated Ind AS financial statements, in respect of 5 associates and 2 joint ventures, whose financial statements / financial information have not been audited by us. The above figures are before giving effect to consolidation adjustments.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint ventures is based solely on the reports of the other auditors.

(b) We did not audit the financial statements / financial information of 31 subsidiaries, whose financial statements / financial information reflect total assets of ₹ 248,997.4 Million as at 31st March, 2017, total revenues of ₹ 12,831.5 Million and net cash outflows amounting to ₹ 231.1 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The above figures are before giving effect to consolidation adjustments. The consolidated Ind AS financial statements also include the Group's share of profit after tax of ₹ Nil for the year ended 31st March, 2017, as considered in the consolidated Ind AS financial statements, in respect of 3 associates and 2 joint ventures, whose financial statements / financial information have not been audited.

These financial statements / financial information are unaudited and have been furnished to us by the Management of the Parent and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management of the Parent, these financial statements / financial information are not material to the Group.

INDEPENDENT AUDITOR'S REPORT

(c) The comparative financial information for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April, 2015 in respect of 71 subsidiaries, 4 associates and 2 joint ventures included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

(d) The transition date opening balance sheet of the Parent as at 1st April, 2015 include the financial information of erstwhile Ranbaxy Laboratories Limited, consequent to its amalgamation into the Parent which was effected on 24th March, 2015, with the appointed date of 1st April, 2014 [refer Note 66 to the consolidated Ind AS financial statements]. The said financial information included in these consolidated Ind AS financial statements are based on financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the other auditors, and have been restated to comply with Ind AS. Adjustments made to the financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management of the Parent.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint venture companies, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and an associate company, incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies and an associate company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Parent, subsidiary companies and an associate company, incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

INDEPENDENT AUDITOR'S REPORT

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures – Refer Note 40A to the consolidated Ind AS financial statements.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Notes 23 and 29 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group. The associates and jointly ventures did not have any long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and an associate company, incorporated in India, except a sum of ₹ 13.4 Million, which is held in abeyance by the Parent due to pending legal cases.

iv. The Parent has provided requisite disclosures in Note 71 to the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 in respect of the Parent, subsidiaries and an associate, incorporated in India. Based on the audit procedures performed, the representations provided to us by the Management of the Parent and based on the consideration of reports of the other auditors, referred to in the Other Matters paragraph above, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Parent, subsidiaries and an associate, incorporated in India, for the purpose of preparation of the consolidated Ind AS financial statements.

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

RAJESH K. HIRANANDANI
Partner
(Membership No. 36920)

Place: Mumbai
Date: 26th May, 2017

ANNEXURE "A"

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

Report on Internal Financial Controls Over Financial Reporting Under Clause (I) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of SUN PHARMACEUTICAL INDUSTRIES LIMITED (hereinafter referred to as "the Parent") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and the associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE "A"

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sun Pharmaceutical Industries Limited)

Report on Internal Financial Controls Over Financial Reporting Under Clause (I) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 14 subsidiary companies (excluding a subsidiary company under liquidation) and an associate company, which are companies incorporated in India, is based solely on the reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter.

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

RAJESH K. HIRANANDANI
Partner
(Membership No. 36920)

Place: Mumbai
Date: 26th May, 2017

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

₹ in Million

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3a	84,952.9	75,831.4	70,000.7
(b) Capital work-in-progress		15,647.6	12,034.6	15,317.7
(c) Goodwill (Net)	48	55,362.2	56,347.4	54,845.9
(d) Other intangible assets	3b	36,436.6	26,543.7	6,461.3
(e) Intangible assets under development		12,366.2	9,719.9	5,068.4
(f) Investments in associates	4	4,605.4	3,008.8	2,175.7
(g) Investments in joint ventures	5	429.5	655.0	418.0
(h) Financial assets				
(i) Investments	6	4,575.1	7,496.9	10,772.1
(ii) Loans	7	698.1	1,073.2	1,830.1
(iii) Other financial assets	8	6,452.2	9,809.9	1,583.4
(i) Deferred tax assets (Net)	51	24,928.2	31,489.9	27,172.1
(j) Income tax assets (Net)	9	31,250.1	15,726.2	11,238.8
(k) Other non-current assets	10	6,861.8	6,152.8	5,934.2
Total non-current assets		**284,565.9**	**255,889.7**	**212,818.4**
(2) Current Assets				
(a) Inventories	11	68,328.1	64,225.4	56,668.9
(b) Financial assets				
(i) Investments	12	2,308.8	7,138.1	21,662.2
(ii) Trade receivables	13	72,026.1	67,756.6	50,927.5
(iii) Cash and cash equivalents	14	86,628.0	80,751.4	72,645.9
(iv) Bank balances other than (iii) above	15	64,780.4	51,065.1	37,124.8
(v) Loans	16	10,190.8	10,715.5	10,481.6
(vi) Other financial assets	17	2,258.5	890.8	26,751.9
(c) Other current assets	18	22,949.9	16,798.2	12,519.4
		329,470.6	299,341.1	288,782.2
Assets classified as held for sale	73	65.9	71.9	-
Total current assets		**329,536.5**	**299,413.0**	**288,782.2**
TOTAL ASSETS		**614,102.4**	**555,302.7**	**501,600.6**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	19	2,399.3	2,406.6	2,071.2
(b) Share suspense account	66	-	-	334.8
(c) Other equity	20	363,997.4	327,418.2	278,008.5
Equity attributable to the owners of the Company		**366,396.7**	**329,824.8**	**280,414.5**

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

₹ in Million

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-controlling interests		**37,908.6**	**40,852.5**	**28,511.9**
Total equity		**404,305.3**	**370,677.3**	**308,926.4**
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	14,360.8	31,103.0	13,597.7
(ii) Trade payables		-	-	10.2
(iii) Other financial liabilities	22	1,048.0	1,842.2	1,816.7
(b) Provisions	23	12,111.1	18,958.6	23,074.5
(c) Deferred tax liabilities (Net)	51	3,147.9	1,027.7	751.4
(d) Other non-current liabilities	24	259.1	254.3	129.8
Total non-current liabilities		**30,926.9**	**53,185.8**	**39,380.3**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	25	66,549.2	52,061.2	62,126.7
(ii) Trade payables	26	43,953.9	35,829.2	32,430.3
(iii) Other financial liabilities	27	22,116.3	6,873.3	24,137.4
(b) Other current liabilities	28	4,620.5	4,469.4	4,237.8
(c) Provisions	29	40,159.1	29,734.4	24,447.0
(d) Current tax liabilities (Net)	30	1,471.2	2,472.1	5,914.7
Total current liabilities		**178,870.2**	**131,439.6**	**153,293.9**
Total liabilities		**209,797.1**	**184,625.4**	**192,674.2**
TOTAL EQUITY AND LIABILITIES		**614,102.4**	**555,302.7**	**501,600.6**

See accompanying notes 1 to 80 to the consolidated financial statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

UDAY V. BALDOTA
Chief Financial Officer

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 26, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
(I) Revenue from operations	31	315,784.4	284,870.3
(II) Other income	32	6,231.5	6,582.5
(III) Total income (I + II)		**322,015.9**	**291,452.8**
(IV) Expenses			
Cost of materials consumed	33	51,246.1	41,816.3
Purchases of stock-in-trade		32,777.6	25,425.2
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(2,716.3)	(3,937.7)
Employee benefits expense	35	49,023.0	47,723.1
Finance costs	36	3,998.0	5,232.4
Depreciation and amortisation expense	3	12,647.5	10,375.3
Other expenses	37	84,561.3	92,260.2
Total expenses (IV)		**231,537.2**	**218,894.8**
(V) Profit before exceptional items and tax (III-IV)		**90,478.7**	72,558.0
(VI) Exceptional items	62	-	(6,851.7)
(VII) Profit before tax (V+VI)		**90,478.7**	**65,706.3**
(VIII) Tax expense			
Current tax		4,046.4	11,954.1
Deferred tax charge/(credit)		8,069.3	(2,816.4)
Total tax expense (VIII)		**12,115.7**	**9,137.7**
(IX) Profit for the year before share of profit/(loss) of associates and joint ventures (VII-VIII)		78,363.0	56,568.6
(X) Share of profit/(loss) of associates		299.6	(18.7)
(XI) Share of profit/(loss) of joint ventures		(200.3)	33.2
(XII) Profit for the year before non-controlling interests (IX+X+XI)		**78,462.3**	**56,583.1**
(XIII) Non-controlling interests		8,818.6	11,126.0
(XIV) Profit for the year attributable to owners of the Company		**69,643.7**	**45,457.1**
(XV) Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(766.9)	(389.7)
Income tax effect relating to remeasurement of the defined benefit plans		(56.6)	(42.2)
		(710.3)	**(347.5)**
(b) Equity instruments through other comprehensive income		(3,741.4)	(2,802.4)
Total (A)		**(4,451.7)**	**(3,149.9)**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
(B) Items that may be reclassified to profit or loss			
(a) Debt instruments through other comprehensive income		(4.7)	1.3
(b) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		46.2	-
(c) Exchange differences in translating the financial statements of a foreign operations		(10,461.7)	17,502.0
Total (B)		**(10,420.2)**	**17,503.3**
(XV) Total other comprehensive income (A+B)		(14,871.9)	14,353.4
(XVI) Total comprehensive income for the year (XII+XV)		**63,590.4**	**70,936.5**
Other Comprehensive Income for the year attributable to:			
- Owners of the Company		(13,337.6)	12,794.5
- Non-controlling interests		(1,534.3)	1,558.9
Total Comprehensive income for the year attributable to:			
- Owners of the Company		56,306.1	58,251.6
- Non-controlling interests		7,284.3	12,684.9
Earnings per equity share (face value per equity share - ₹ 1)	52		
Basic (in ₹)		29.0	18.9
Diluted (in ₹)		29.0	18.9

See accompanying notes 1 to 80 to the consolidated financial statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

UDAY V. BALDOTA
Chief Financial Officer

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 26, 2017

CONSOLIDATED STATEMENTOF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Equity share capital	Share suspense account [Refer Note (66)]	Share application money pending allotment	Reserve and surplus									
				Capital reserve	Securities premium reserve	Debenture redemption reserve	Share option outstanding account	Revaluation Surplus	Amalgamation reserve	Capital redemption reserve	Legal reserve	General reserve	Retained earnings
Balance as at April 1, 2015	2,071.2	334.8	149.0	268.0	18,220.3	750.0	82.1	39.8	43.8	-	0.9	34,828.0	216,743.1
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	45,457.1
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	*(347.5)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	**45,109.6**
Payment of dividends	-	-	-	-	-	-	-	-	-	-	-	-	(7,219.5)
Corporate dividend tax	-	-	-	-	-	-	-	-	-	-	-	-	(1,469.7)
Recognition of share-based payments to employees	-	-	-	-	-	-	98.8	-	-	-	-	-	-
Issue of equity shares	0.6	-	(142.3)	-	232.9	-	-	-	-	-	-	-	-
Issue of equity shares pursuant to the scheme of amalgamation (Refer note 66)	334.8	(334.8)	-	-	-	-	-	-	-	-	-	-	-
Transfer on exercise of share options	-	-	-	-	132.0	-	(132.0)	-	-	-	-	-	-
Transfer from debenture redemption reserve on repayment of debentures	-	-	-	-	-	(750.0)	-	-	-	-	-	750.0	-
Transferred from Surplus in Consolidated Statement of Profit and Loss	-	-	-	-	-	1,041.7	-	-	-	-	-	-	(1,041.7)
Utilised during the year	-	-	-	-	-	-	-	(39.8)	-	-	-	-	-
Buy-back of equity shares by subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	(302.3)
Transferred to Capital Reserve from Consolidated Statement of Profit and Loss as per the Local Law of an overseas subsidiary	-	-	-	188.9	-	-	-	-	-	-	-	-	(188.9)
Transferred from Surplus in Consolidated Statement of Profit and Loss as per the Local Law of an overseas subsidiary	-	-	-	-	-	-	-	-	-	-	0.2	-	(0.2)
Balance as at March 31, 2016	**2,406.6**	-	**6.7**	**456.9**	**18,585.2**	**1,041.7**	**48.9**	-	**43.8**	-	**1.1**	**35,578.0**	**251,630.4**
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	69,643.7
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	*(710.3)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	**68,933.4**
Payment of dividends	-	-	-	-	-	-	-	-	-	-	-	-	(2,406.8)
Corporate dividend tax	-	-	-	-	-	-	-	-	-	-	-	-	(490.0)
Recognition of share-based payments to employees	-	-	-	-	-	-	32.3	-	-	-	-	-	-
Issue of equity shares	0.2	-	(6.7)	-	31.3	-	-	-	-	-	-	-	-
Buy-back of equity shares (Refer note 65)	(7.5)	-	-	-	(6,742.5)	-	-	-	-	-	-	-	-
Expenditure on buy-back of equity shares	-	-	-	-	(34.2)	-	-	-	-	-	-	-	-
Buy-back of equity shares by overseas subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	(10,110.3)
Transfer to capital redemption reserve on buy-back of equity shares	-	-	-	-	-	-	-	-	-	7.5	-	-	(7.5)
Transferred from Surplus in Consolidated Statement of Profit and Loss	-	-	-	-	-	1,041.7	-	-	-	-	-	-	(1,041.7)
Additional non-controlling interest arising on the acquisition of JSC Biosintez (Refer note 78)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from Surplus in Consolidated Statement of Profit and Loss as per the Local Law of an overseas subsidiary	-	-	-	50.6	-	-	-	-	-	-	-	-	(50.6)
Transfer on exercise of share options	-	-	-	-	54.8	-	(54.8)	-	-	-	-	-	-
Balance as at March 31, 2017	**2,399.3**	-	**#0.0**	**507.5**	**11,894.6**	**2,083.4**	**26.4**	-	**43.8**	**7.5**	**1.1**	**35,578.0**	**306,456.9**

*Represents remeasurements of the defined plans

(March 31, 2017: ₹ 7177)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Other comprehensive income (OCI)						
	Debt instrument through OCI	Equity instrument through OCI	Foreign currency translation reserve	Effective portion of cash flow hedges	Attributable to owners of parent company	Non-controlling interests	TOTAL
Balance as at April 1, 2015	-	6,883.5	-	-	280,414.5	28,511.9	308,926.4
Profit for the year	-	-	-	-	45,457.1	11,126.0	56,583.1
Exchange difference arising on translation of foreign operations	-	-	15,943.1	-	15,943.1	1,558.9	17,502.0
Other comprehensive income for the year, net of income tax	1.3	(2,802.4)	-	-	(3,148.6)	-	(3,148.6)
Total comprehensive income for the year	**1.3**	**(2,802.4)**	**15,943.1**	**-**	**58,251.6**	**12,684.9**	**709,936.5**
Payment of dividends	-	-	-	-	(7,219.5)	(25.7)	(7,245.2)
Corporate dividend tax	-	-	-	-	(1,469.7)	-	(1,469.7)
Recognition of share-based payments to employees	-	-	-	-	98.8	-	98.8
Issue of equity shares	-	-	-	-	91.2	-	91.2
Issue of equity shares pursuant to the scheme of amalgamation (Refer note 66)	-	-	-	-	-	-	-
Transfer on exercise of share options	-	-	-	-	-	-	-
Transferred from debentures redemption reserve on repayment of debentures	-	-	-	-	-	-	-
Transferred from Surplus in Consolidated Statement of Profit and Loss	-	-	-	-	-	-	-
Utilised during the year	-	-	-	-	(39.8)	-	(39.8)
Buy-back of equity shares by subsidiary company	-	-	-	-	(302.3)	(318.6)	(620.9)
Transferred to Capital Reserve from Consolidated Statement of Profit and Loss as per the Local Law of an overseas subsidiary	-	-	-	-	-	-	-
Transferred from Surplus in Consolidated Statement of Profit and Loss as per the Local Law of an overseas subsidiary	-	-	-	-	-	-	-
Balance as at March 31, 2016	**1.3**	**4,081.1**	**15,943.1**	**-**	**329,824.8**	**40,852.5**	**370,677.3**
Profit for the year	-	-	-	-	69,643.7	8,818.6	78,462.3
Exchange difference arising on translation of foreign operations	-	-	(8,927.4)	-	(8,927.4)	(1,534.3)	(10,461.7)
Other comprehensive income for the year, net of income tax	(4.7)	(3,741.4)	-	46.2	(4,410.2)	-	(4,410.2)
Total comprehensive income for the year	**(4.7)**	**(3,741.4)**	**(8,927.4)**	**46.2**	**56,306.1**	**7,284.3**	**63,590.4**
Payment of dividends	-	-	-	-	(2,406.8)	(30.4)	(2,437.2)
Corporate dividend tax	-	-	-	-	(490.0)	-	(490.0)
Recognition of share-based payments to employees	-	-	-	-	32.3	-	32.3
Issue of equity shares	-	-	-	-	24.8	-	24.8
Buy-back of equity shares (Refer note 65)	-	-	-	-	(6,750.0)	-	(6,750.0)
Expenditure on buy-back of equity shares	-	-	-	-	(34.2)	-	(34.2)
Buy-back of equity shares by overseas subsidiary company	-	-	-	-	(10,110.3)	(10,447.5)	(20,557.8)
Transfer to capital redemption reserve on buy-back of equity shares	-	-	-	-	-	-	-
Transferred from Surplus in Consolidated Statement of Profit and Loss	-	-	-	-	-	-	-
Additional non-controlling interest arising on the acquisition of JSC Biosintez (Refer note 78)	-	-	-	-	-	249.7	249.7
Transferred from Surplus in Consolidated Statement of Profit and Loss as per the Local Law of an overseas subsidiary	-	-	-	-	-	-	-
Transfer on exercise of share options	-	-	-	-	-	-	-
Balance as at March 31, 2017	**(3.4)**	**339.7**	**7,015.7**	**46.2**	**366,396.7**	**37,908.6**	**404,305.3**

See accompanying notes 1 to 80 to the Consolidated Financial Statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

UDAY V. BALDOTA
Chief Financial Officer

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 26, 2017

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
A. Cash flow from operating activities		
Profit Before Tax	90,478.7	65,706.3
Adjustments for:		
Depreciation and amortisation expense	12,647.5	10,375.3
Impairment of property, plant and equipment and other intangible assets (including amount considered in exceptional items in previous year)	203.6	4,981.1
Impairment of goodwill (including amount considered in exceptional items in previous year)	-	1,942.3
(Gain) /loss on sale / write off of property, plant and equipment and other intangible assets, net (including amount considered in exceptional items)	108.8	(400.4)
Finance costs	3,998.0	5,232.4
Interest income	(3,711.7)	(3,572.2)
Dividend income	(420.5)	(502.9)
Net gain arising on financial assets measured at fair value through profit or loss	(72.2)	(353.3)
Gain on sale of financial assets measured at fair value through profit or loss	(479.3)	(528.0)
Gain on disposal of an associate entity	(201.3)	-
Provision / write off for doubtful trade receivables / advances	341.8	1,602.1
Sundry balances written back	(618.5)	(175.2)
Expense recognised in respect of share based payments to employees	32.3	98.8
Impairment of non-current investment in an associate [₹ Nil (Previous year ₹ 16,380)]	-	0.0
Impairment of investments	6.8	166.8
Effect of exchange rate changes	(6,828.6)	(297.6)
Operating profit before working capital changes	**95,485.4**	**84,275.5**
Movements in working capital:		
(Increase) in inventories	(3,449.9)	(1,667.4)
(Increase) in trade receivables	(2,934.5)	(18,102.7)
(Increase) / decrease in other assets	(6,464.2)	20,922.4
Increase in trade payables	7,354.5	3,624.8
Decrease in other liabilities	(1,530.7)	(1,023.0)
Increase / (decrease) in provisions	2,932.7	(1,286.4)
Cash generated from operations	**91,393.3**	**86,743.2**
Income tax paid (net of refund)	(20,571.2)	(19,884.6)
Net cash from operating activities (A)	**70,822.1**	**66,858.6**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital-work-in-progress, other intangible assets and intangible assets under development)	(36,928.6)	(34,035.2)
Proceeds from disposal of property, plant and equipment and other intangible assets	1,024.7	706.0
Loans / Inter corporate deposits		
Given / placed	(6,504.6)	(5,045.7)
Received back / matured	6,796.8	5,120.3
Purchase of investments [including associate and joint venture ₹ 1,543.6 Million (Previous year ₹ 1,071.6 Million)]	(388,310.4)	(401,217.2)
Proceeds from sale of investments	391,943.9	416,414.1
Bank balances not considered as cash and cash equivalents		
Fixed deposits / margin money placed	(67,586.6)	(66,025.5)
Fixed deposits / margin money matured	55,224.3	46,731.2
Net cash outflow on acquisition of subsidiaries / business units (Refer note 78)	(1,671.8)	(10,255.5)
Interest received	3,365.2	3,378.7
Receipt of rental on assets given under finance lease	10.6	10.0

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Dividend received	420.5	502.9
Net cash used in investing activities (B)	**(42,216.0)**	**(43,715.9)**
C. Cash flow from financing activities		
Proceeds from borrowings	53,639.5	82,945.3
Repayment of borrowings	(45,268.2)	(90,764.9)
Payment for buy-back of equity shares of parent and buy-back of equity shares held by non-controlling interests of subsidiary	(27,307.8)	(469.5)
Dividend payment to non-controlling interests	(30.4)	(25.7)
Payment for share buy-back expenses	(34.2)	-
Net increase in working capital demand loans	2,349.9	1,038.6
Proceeds from issue of equity shares on exercise of stock options / share application money received	24.8	91.3
Finance costs (includes borrowing costs capitalised)	(3,338.3)	(3,013.9)
Dividend paid	(2,399.2)	(7,216.8)
Tax on dividend	(490.0)	(1,469.7)
Net cash used in financing activities (C)	**(22,853.9)**	**(18,885.3)**
Net increase in cash and cash equivalents (A+B+C)	5,752.2	4,257.4
Cash and cash equivalents at the beginning of the year	80,316.9	71,834.9
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	354.5	4,224.6
Cash and cash equivalents at the end of the year	**86,423.6**	**80,316.9**

Notes:

₹ in Million

	As at March 31, 2017	As at March 31, 2016
(a) Cash and cash equivalents comprises of		
Balances with banks		
In current accounts	49,192.3	53,731.0
In deposit accounts with original maturity less than 3 months	35,576.1	26,858.8
Cheques, drafts on hand	1,813.9	143.6
Cash on hand	45.7	18.0
Cash and cash equivalents (Refer note 14)	86,628.0	80,751.4
Less:- cash credit facilities included under loans repayable on demand in note 25	204.4	434.5
Cash and cash equivalents in cash flow statement	86,423.6	80,316.9

(b) For non cash transactions - refer note 67

See accompanying notes 1 to 80 to the consolidated financial statements

In terms of our report attached

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

RAJESH K. HIRANANDANI
Partner
Mumbai, May 26, 2017

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

UDAY V. BALDOTA
Chief Financial Officer

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 26, 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

1. General information

Sun Pharmaceutical Industries Limited ("the Parent Company") is a public limited company incorporated and domiciled in India and has its listing on the BSE Limited and National Stock Exchange of India Limited. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company is in the business of manufacturing, developing and marketing a wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Parent Company and its subsidiaries (hereinafter referred to as "the Company" or "the Group") have manufacturing locations spread across the world with trading and other incidental and related activities extending to the global markets.

2. Significant accounting policies

2.1 Statement of compliance

The Group has prepared its consolidated financial statements for the year ended March 31, 2017 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2016. Further, the Group has prepared the opening consolidated balance sheet as at April 01, 2015 (the transition date) in accordance with Ind AS.

For all the periods up to the year ended March 31, 2016, the Group had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

These are the Group's first Ind AS financial statements. Refer Note 76 for the details of first-time adoption exemptions availed by the Group.

2.2 Basis of preparation and presentation

These financial statements for the year ended March 31, 2017 are the first financial statements, the Group has prepared in accordance with Ind AS.

The consolidated financial statements have been prepared on the historical cost basis, except for: (i) certain financial instruments that are measured at fair values at the end of each reporting period; (ii) Non-current assets classified as held for sale which are measured at the lower of their carrying amount and fair value less costs to sell; and (iii) defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, and its subsidiaries as disclosed in Note 39. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances, transactions including unrealised gain / loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in Associates and Joint Ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed off the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

b. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classifications of its assets and liabilities as current and non-current.

c. Business combinations

The Group uses the acquisition method of accounting to account for business combinations that occurred on or after April 01, 2015. The acquisition date is generally the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as Capital Reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as Capital Reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

d. Foreign currency

Foreign currency transactions

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.2.j). below for hedging accounting policies.
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of Group's foreign operations, are translated to the Indian Rupees at exchange rates at the end of each reporting period. The income and expenses of such foreign operations are translated at the average exchange rates for the period. Resulting foreign currency differences are recognised in other comprehensive income/(loss) and presented within equity as part of Foreign Currency Translation Reserve (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed off, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals

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(i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

e. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

f. Property, plant and equipment

Items of property, plant and equipment are stated in consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the acquired asset is measured at the carrying amount of the asset given up.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and Capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

Asset Category	No. of Years
Leasehold land	50-196
Leasehold improvements	3-10
Buildings	5-100
Buildings taken under finance lease	10-40
Buildings given under operating lease	30
Plant and equipment	3-25
Plant and equipment given under operating lease	2-15
Vehicles	3-15
Office equipment	2-21
Furniture and fixtures	2-17

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the

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related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred. The capitalised costs are amortised over the lower of the estimated useful life of the software and the remaining useful life of the tangible fixed asset.

g. Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Group's share of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a cash-generating unit to which goodwill is allocated, the goodwill associated with the disposed cash-generating unit is included in the carrying amount of the cash-generating unit when determining the gain or loss on disposal.

Other intangible assets

Other intangible assets that are acquired by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if and only if all of the following have been demonstrated:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure to be capitalised include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied for separately acquired intangible assets.

Acquired research and development intangible assets which are under development, are recognised as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such IPR&D assets is recognised in profit or loss. Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable.

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The consideration for acquisition of intangible asset which is based on reaching specific milestone that are dependent on the Group's future activity is recognised only when the activity requiring the payment is performed.

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets that are not available for use are amortised from the date they are available for use.

The estimated useful lives for Product related intangibles and Other intangibles ranges from 5 to 20 years.

The estimated useful life and the amortisation method for intangible assets with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Gain or loss arising on such de-recognition is recognised in profit or loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 01, 2015 i.e. transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

h. Impairment of non-financial assets other than goodwill

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised in the profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

In respect of assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such

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asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed off is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale.

Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated or amortised.

j. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income

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in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI
A 'debt instrument' is measured as at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Equity instruments
All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the

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transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Impairment of financial assets
In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset

e) Loan commitments which are not measured as at FVTPL

f) Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Parent Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

Compound financial instruments
The component parts of compound financial instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
All financial liabilities are subsequently measured at

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amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the Group that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For non-held-for-trading financial liabilities designated as at FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. These gains/ loss are not subsequently transferred to profit or loss. All other changes in fair value of such liability are recognised in the consolidated statement of profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost in subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate (EIR) method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the profit or loss.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value and if not designated as at FVTPL, are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

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Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, full currency swap, options and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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(ii) Cash flow hedges

The effective portion of changes in the fair value of the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Treasury shares

The Group has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Group uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The Group treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Dividend distribution to equity holders of the parent

The Parent Company recognises a liability to make dividend distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

k. Leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Group as a lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

Group as a lessor

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits

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accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

l. Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

m. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

n. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring

A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received from the contract.

Contingent liabilities and contingent assets

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 cannot be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Contingent Assets are not recognised in the financial statements.

o. Revenue

Revenue from sale of goods include excise duty and is measured at the fair value of the consideration received or receivable. Revenue is net of returns, sales tax, chargebacks, rebates and other similar allowances.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, it is probable that the economic benefit will flow to the Group, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably.

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue.

Sales Returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors.

Rendering of Services

Revenue from services rendered is recognised in the consolidated statement profit and loss as the underlying services are performed. Upfront non-refundable payments received are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend and interest income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

p. Government grants

The Group recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic basis over the expected useful life of the related asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

q. Employee benefits

Defined benefit plans

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to profit or loss.

Termination benefits

Termination benefits are recognised as an expense at the earlier of the date when the Group can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Short-term and Other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, and casual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

Defined contribution plans

The Group's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

Share-based payment arrangements

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, on a straight line basis, over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

r. Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for the temporary differences that arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

s. Earnings per share

The Parent Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

t. Recent Accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7, 'Statement of cash flows'. This amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from April 01, 2017.

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 3a

PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment

₹ in Million

	Freehold land	Leasehold land	Buildings	Buildings taken under finance lease*	Leasehold improvement on building	Buildings given under operating lease *	Plant and equipment	Plant and equipment given under operating lease *	Furniture and fixtures	Furniture and fixtures given under operating lease *	Vehicles	Office equipment	Total
At cost / deemed cost													
As at April 01, 2015	2,098.5	1,827.5	36,513.0	758.4	175.9	205.5	57,004.1	39.9	2,796.0	0.6	1,135.5	1,062.4	103,617.3
Consolidation Adjustments	71.8	66.9	1,351.4	78.6	12.5	11.3	1,983.1	1.2	101.7	-	(4.3)	31.9	3,706.1
Taken over on acquisition ^	83.5	-	429.1	30.0	-	-	2,019.7	-	24.2	-	11.3	0.1	2,597.9
Additions	76.7	-	4,486.7	734.6	66.4	-	9,465.6	-	321.1	-	154.6	232.5	15,538.2
Disposals	(61.0)	-	(731.6)	-	(0.9)	-	(1,317.6)	(19.4)	(111.2)	-	(158.4)	(26.9)	(2,427.0)
As at March 31, 2016	**2,269.5**	**1,894.4**	**42,048.6**	**1,601.6**	**253.9**	**216.8**	**69,154.9**	**21.7**	**3,131.8**	**0.6**	**1,138.7**	**1,300.0**	**123,032.5**
Consolidation Adjustments	(73.6)	(48.2)	(739.6)	(34.2)	(5.4)	(7.7)	(1,193.8)	(0.9)	(98.7)	(0.2)	(48.9)	(43.6)	(2,294.8)
Taken over on acquisition ^	524.1	-	1,566.4	-	-	-	2,001.4	-	28.2	-	28.5	6.9	4,155.5
Additions	403.6	-	4,553.2	-	-	94.3	10,502.5	-	652.4	-	189.2	452.4	16,847.6
Disposals	(220.7)	-	(2,124.9)	-	-	-	(4,922.1)	-	(227.7)	-	(232.8)	(18.4)	(7,746.6)
As at March 31, 2017	**2,902.9**	**1,846.2**	**45,303.7**	**1,567.4**	**248.5**	**303.4**	**75,542.9**	**20.8**	**3,486.0**	**0.4**	**1,074.7**	**1,697.3**	**133,994.2**
Accumulated depreciation and impairment													
As at April 01, 2015	-	180.7	6,877.6	746.4	22.2	34.3	23,406.2	17.3	1,525.3	0.6	354.0	452.0	33,616.6
Consolidation Adjustments	0.9	11.6	454.0	45.9	1.3	2.1	1,086.4	1.1	80.3	-	8.5	26.5	1,718.6
Depreciation expense	-	23.6	1,376.6	78.1	15.2	0.5	6,338.5	3.1	309.0	-	208.4	217.6	8,570.6
Impairment losses recognised in consolidated statement of profit and loss	23.5	-	2,921.8	-	-	-	1,982.5	-	16.3	-	3.3	5.9	4,953.3
Eliminated on disposals of assets	-	-	(557.0)	-	(0.4)	-	(921.7)	(1.2)	(106.0)	-	(53.1)	(18.6)	(1,658.0)
As at March 31, 2016	**24.4**	**215.9**	**11,073.0**	**870.4**	**38.3**	**36.9**	**31,891.9**	**20.3**	**1,824.9**	**0.6**	**521.1**	**683.4**	**47,201.1**
Consolidation Adjustments	(1.9)	(16.9)	(210.9)	(21.5)	(0.9)	(1.9)	(719.5)	(0.9)	(54.6)	(0.2)	(38.1)	(30.6)	(1,097.9)
Depreciation expense	-	23.9	1,295.8	83.5	3.6	33.1	6,309.5	0.8	312.8	-	189.4	269.7	8,522.1
Impairment losses recognised in consolidated statement of profit and loss	-	13.2	97.4	-	-	-	93.0	-	-	-	-	-	203.6
Eliminated on disposals of assets	-	-	(1,266.7)	-	-	-	(4,173.5)	-	(202.4)	-	(137.8)	(7.2)	(5,787.6)
As at March 31, 2017	**22.5**	**236.1**	**10,988.6**	**932.4**	**41.0**	**68.1**	**33,401.4**	**20.2**	**1,880.7**	**0.4**	**534.6**	**915.3**	**49,041.3**
Carrying amount													
As at April 01, 2015	**2,098.5**	**1,646.8**	**29,635.4**	**12.0**	**153.7**	**171.2**	**33,597.9**	**22.6**	**1,270.7**	**-**	**781.5**	**610.4**	**70,000.7**
As at March 31, 2016	**2,245.1**	**1,678.5**	**30,975.6**	**731.2**	**215.6**	**179.9**	**37,263.0**	**1.4**	**1,306.9**	**-**	**617.6**	**616.6**	**75,831.4**
As at March 31, 2017	**2,880.4**	**1,610.1**	**34,315.1**	**635.0**	**207.5**	**235.3**	**42,141.5**	**0.6**	**1,605.3**	**-**	**540.1**	**782.0**	**84,952.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 3b

OTHER INTANGIBLE ASSETS

Other than internally generated

Following are the changes in the carrying value of intangible assets

₹ in Million

	Computer Software	Trademarks, Designs and Other Intangible Assets	Total
At cost or deemed cost			
As at April 01, 2015	1,197.8	18,415.1	19,612.9
Consolidation Adjustments	32.4	872.4	904.8
Taken over on acquisition ^	-	373.7	373.7
Additions	134.1	21,508.0	21,642.1
Disposals	(5.9)	(103.4)	(109.3)
As at March 31, 2016	**1,358.4**	**41,065.8**	**42,424.2**
Consolidation Adjustments	(16.1)	(1,461.4)	(1,477.5)
Taken over on acquisition ^	-	3.5	3.5
Additions	99.1	15,041.3	15,140.4
Eliminated on disposals of assets	(25.8)	(757.0)	(782.8)
As at March 31, 2017	**1,415.6**	**53,892.2**	**55,307.8**
Accumulated amortisation and impairment			
As at April 01, 2015	399.0	12,752.6	13,151.6
Consolidation Adjustments	20.8	915.8	936.6
Amortisation expense	282.2	1,522.5	1,804.7
Impairment losses recognised in consolidated statement of profit and loss (also included in exceptional items)	3.1	64.5	67.6
Eliminated on disposals of assets	(3.2)	(76.8)	(80.0)
As at March 31, 2016	**701.9**	**15,178.6**	**15,880.5**
Consolidation Adjustments	(12.1)	(579.8)	(591.9)
Amortisation expense	237.6	3,887.8	4,125.4
Eliminated on disposals of assets	(15.1)	(527.7)	(542.8)
As at March 31, 2017	**912.3**	**17,958.9**	**18,871.2**
Carrying amount			
As at April 01, 2015	**798.8**	**5,662.5**	**6,461.3**
As at March 31, 2016	**656.5**	**25,887.2**	**26,543.7**
As at March 31, 2017	**503.3**	**35,933.3**	**36,436.6**

Footnotes :

(a) Buildings include ₹ 8,620 (As at March 31, 2016: ₹ 8,620 ; As at April 01, 2015: ₹ 8,620) towards cost of shares in a co-operative housing society.
(b) Impairment losses for the year ended March 31, 2016 includes ₹ 39.8 Million is utilised from Revaluation Reserve.
(c) Freehold land includes land valued at ₹ 25.5 Million (Previous Year ₹ 25.5 Million) pending registration in the name of the Parent Company.
(d) Excludes Fixed Assets Held for Sale (Refer Note 73).
(e) Deletions / Adjustments during the previous year includes refund received from authorities in respect of dismantling charges.
(f) Borrowing cost capitalised during the year ₹ 110.3 Million (Previous Year ₹ 162.1 Million)
* Refer Note 55
^ Refer Note 78

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 4

INVESTMENTS IN ASSOCIATES (NON-CURRENT)

(carrying amount determined using equity method of accounting)

₹ in Million

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Unquoted, fully paid						
Investments in equity instruments						
Medinstill LLC	1,999	1,110.2	1,999	1,302.8	1,999	1,249.4
Daiichi Sankyo (Thailand) Limited Ordinary Shares of Baht 100 each fully paid	-	-	206,670	444.5	206,670	440.4
scPharmaceuticals Inc.	-	794.4	-	-	-	-
Investments in limited partnership						
Fraizer Healthcare VII, L.P.	-	1,436.9	-	733.0	-	304.4
Versant Venture Capital V, L.P.	-	951.4	-	528.5	-	181.5
Investments in limited liability partnership						
Trumpcard Advisors & Finvest LLP	-	312.5	-	-	-	-
Generic Solar Power LLP [₹ 28,760 (As at March 31, 2016: ₹ 28,760)]	-	0.0	-	0.0	-	-
Quoted, fully paid						
Investments in equity instruments (At cost, less impairment in value of investments)						
Zenotech Laboratories Limited * Shares of ₹ 10 each fully paid	16,128,078	2,463.5	16,128,078	2,463.5	16,127,293	2,463.5
Less: Impairment in value of investment		(2,463.5)		(2,463.5)		(2,463.5)
		4,605.4		**3,008.8**		**2,175.7**
Aggregate carrying value of unquoted investments		4,605.4		3,008.8		2,175.7
Aggregate book value (carrying value)of quoted investments		2,463.5		2,463.5		2,463.5
Market value of quoted investment		570.1		541.9		729.8
Aggregate amount of impairment in value of investments in associate		2,463.5		2,463.5		2,463.5

* The shares of this entity are thinly traded and therefore, market price has not been considered for the purpose of assessment of impairment in the value of its non-current investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 5

INVESTMENTS IN JOINT VENTURES (NON-CURRENT)

(carrying amount determined using equity method of accounting)

₹ in Million

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Unquoted, fully paid						
Investments in equity instruments						
MSD-Sun, LLC	10,564	0.7	10,564	0.7	10,564	0.7
S&I Ophthalmic LLC	-	183.9	-	383.4	-	176.8
Artes Biotechnology GmbH	15,853	244.9	15,853	270.9	15,853	240.5
		429.5		**655.0**		**418.0**
Aggregate carrying value of unquoted investments		429.5		655.0		418.0

Note 6

NON-CURRENT FINANCIAL INVESTMENTS

₹ in Million

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
In equity instruments						
Quoted						
Impax Laboratories Inc., Shares of USD 0.01 each fully paid	2,868,623	2,353.4	2,868,623	6,086.3	2,868,623	8,403.3
Krebs Biochemicals and Industries Limited Shares of ₹ 10 each fully paid	1,050,000	105.1	1,050,000	112.3	1,050,000	93.5
Perrigo Company plc	-	-	408	3.5	408	4.3
Teva Pharmaceutical Industries Ltd	-	-	80	0.3	80	0.3
Rekah Pharmaceutical Industries Ltd	-	-	20	0.0	20	0.0
Unquoted						
Enviro Infrastructure Co. Limited Shares of ₹ 10 each fully paid	100,000	1.0	100,000	1.0	100,000	1.0
Shivalik Solid Waste Management Limited Shares of ₹ 10 each fully paid	20,000	0.2	20,000	0.2	20,000	0.2
Nimbua Greenfield (Punjab) Limited Shares of ₹ 10 each fully paid	140,625	1.4	140,625	1.4	140,625	1.4
Shimal Research Laboratories Limited Shares of ₹ 10 each fully paid	9,340,000	934.0	9,340,000	934.0	9,340,000	934.0
Less: Impairment in value of investment		(934.0)		(934.0)		(934.0)
Biotech Consortium India Limited Shares of ₹ 10 each fully paid	50,000	0.5	50,000	0.5	50,000	0.5
Less: Impairment in value of investment		(0.5)		(0.5)		(0.5)
Silverstreet Development LLP [₹ 28,317 (As at March 31, 2016: ₹ 29,829)]	-	0.0	-	0.0	-	-
Reanal Finomvegyszergyar Zrt. (Reanal Ltd)	-	167.0	-	170.6	-	161.0
Less: Impairment in value of investment		(167.0)		(163.8)		-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Enceladus Pharmaceuticals BV, Netherlands	-	290.6	-	296.8	-	280.0
In government securities						
Quoted						
Government of Rajasthan UDAY non -SLR bond 7.75% Bond of ₹ 1 each fully paid maturing June 23, 2018	27,400,000	27.1	-	-	-	-
Government of Rajasthan UDAY non -SLR bond 7.86% Bond of ₹ 1 each fully paid maturing June 23, 2019	27,400,000	27.3	-	-	-	-
Government of Rajasthan UDAY non -SLR bond 8.01% Bond of ₹ 1 each fully paid maturing June 23, 2020	27,400,000	27.5	-	-	-	-
Government of Rajasthan UDAY non -SLR bond 8.21% Bond of ₹ 1 each fully paid maturing June 23, 2025	100,000,000	103.7	-	-	-	-
Government of Rajasthan UDAY non -SLR bond 8.39% Bond of ₹ 1 each fully paid maturing June 23, 2026	200,000,000	214.8	-	-	-	-
Government of Uttar Pradesh UDAY non -SLR bond 8.21% Bond of ₹ 1 each fully paid maturing June 23, 2026	150,000,000	159.7	-	-	-	-
Unquoted						
National Savings Certificates [₹ 10,000 (March 31, 2016: ₹ 10,000, April 01, 2015: ₹ 10,000)]	-	0.0	-	0.0	-	0.0
In debentures/bonds						
Quoted						
9.9% Non-convertible Debentures of ₹ 1,000,000 each fully paid of Housing Development Finance Corporation Ltd maturing on December 23, 2018	250	259.4	250	257.8	250	262.2
8.2% Bonds of ₹ 1,000 each fully paid of National Highways Authority of India maturing on January 25, 2022	61,809	66.7	61,809	65.3	61,809	63.6
8.2% Bonds of ₹ 1,000 each fully paid of Power Finance Corporation Ltd (Series I) maturing on February 1, 2022	142,393	153.6	142,393	150.4	142,393	146.6
8/8.15% Bonds of ₹ 1,000 each fully paid of Indian Railway Finance Corporation Ltd maturing on February 23, 2022	163,131	175.1	163,131	170.9	163,131	166.4
9.55% Debentures of ₹ 1,000,000 each fully paid of Canara Bank (Perpetual Bonds) maturing on March 5, 2025	-	-	-	-	500.0	499.7
10.75% Bonds of ₹ 1,000,000 each fully paid of IDBI Bank Ltd - OMNI (2014-15-Series II) Tier I Perpetual Bonds maturing on October 17, 2024	-	-	-	-	500.0	536.5
Unquoted						
0% Optionally Fully Convertible Debentures of ₹ 100 each fully paid of Sun Speciality Chemicals Pvt Ltd	-	-	1,156,500	106.0	1,156,500	97.1
Other investments						
Unquoted						
Frazier Healthcare LS VIII	-	96.2	-	3.3	-	-
5AM Ventures IV, L.P.	-	307.3	-	184.9	-	55.0
Atlas Venture Fund	-	205.0	-	49.7	-	-
		4,575.1		**7,496.9**		**10,772.1**
Aggregate book value (carrying value) of quoted investments		3,673.4		6,846.8		10,176.4
Aggregate amount of quoted investments at market value		3,673.4		6,846.8		10,176.4
Aggregate amount of unquoted investments before impairment		2,003.2		1,748.4		1,530.2
Aggregate amount of impairment in value of investments		1,101.5		1,098.3		934.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 7

LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Receivable on account of assets given under finance lease - secured, considered good (Refer note 55)	-	378.7	389.3
Loans to employees/others			
Secured, considered good	20.4	-	40.3
Unsecured, considered good	677.7	694.5	1,400.5
Doubtful	0.8	2.7	1.9
Less: Allowance for bad and doubtful loans	(0.8)	(2.7)	(1.9)
	698.1	**1,073.2**	**1,830.1**

Note 8

OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Bank deposits with more than 12 months maturity	4,589.2	7,631.4	-
Interest accrued on investment	-	-	48.9
Security deposits	462.0	390.8	441.2
Derivatives designated and effective in hedge accounting relationships	67.1	-	-
Derivatives not designated as hedges	627.7	1,442.2	1,011.5
Others	706.2*	345.5*	81.8
	6,452.2	**9,809.9**	**1,583.4**

* includes receivable towards sale of manufacturing facility

Note 9

INCOME TAX ASSET (NET) [NON-CURRENT]

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax (net of provisions)	31,250.1	15,726.2	11,238.8
	31,250.1	**15,726.2**	**11,238.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 10

OTHER NON-CURRENT ASSETS

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Capital advances	3,971.7	4,181.3	3,770.5
Prepaid expenses	91.1	87.6	47.0
Balances with government authorities	2,058.5	1,080.0	1,382.8
Advance for supply of goods and services	722.8	777.2	698.1
Other assets	17.7	26.7	35.8
	6,861.8	**6,152.8**	**5,934.2**

Note 11

INVENTORIES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Lower of cost and net realisable value			
Raw materials and packing materials	21,212.3	19,428.8	18,159.7
Goods in transit	598.7	1,067.0	604.0
	21,811.0	**20,495.8**	**18,763.7**
Work-in-Progress	15,467.2	13,003.5	12,228.6
Finished Goods	24,986.8	24,076.6	19,436.2
Stock-in-trade	4,614.3	5,400.7	5,183.5
Goods in transit	94.7	305.7	283.2
	4,709.0	**5,706.4**	**5,466.7**
Stores, spares and other materials	1,350.9	940.7	772.4
Goods in transit	3.2	2.4	1.3
	1,354.1	**943.1**	**773.7**
	68,328.1	**64,225.4**	**56,668.9**

(i) Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹ 9,174.9 Million (March 31, 2016: ₹ 8,253.8 Million; April 01, 2015: ₹ 7,482.6 Million). The changes in write downs are recognised as an expense in the consolidated statement of profit and loss.

(ii) For details of inventories pledged as security refer note 69.

(iii) The cost of inventories recognised as an expense is disclosed in Notes 33, 34 and 37 and as purchases of stock-in-trade in the consolidated statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 12

INVESTMENTS (CURRENT)

₹ in Million

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
(Fully paid up)						
Quoted						
In equity instruments						
FS INVT CORP COM	22,316	14.2	14,659	9.1	-	3.8
In bonds/debentures						
Quoted						
0% 750 Debentures of IDFC of ₹ 1,000,000 maturing on April 9, 2015	-	-	-	-	750	743.6
9.7% 250 Secured Non Convertible Redeemable Debentures of Housing Development Finance Corporation Ltd of ₹ 1,000,000 maturing on December 23, 2018	-	-	-	-	250	252.5
I Shares New York Amt Free Muni	6,032	43.1	3,863	28.8	3,066	21.5
SPDR Ser TR Barclays Long	-	2.0	-	1.9	-	1.9
Investment in bonds (Various small value investments)	-	170.8	-	197.0	-	188.9
In Mutual funds*						
Unquoted						
Unit of ₹ 10 each fully paid						
DHFL Pramercia - Insta Cash Plus Fund - Direct Plan - Growth	14,561	3.1	181,124	35.7	-	-
JP Morgan India -Liquid Fund - Growth Plan	-	-	-	-	2,671,655	48.5
DSP Merrill Lynch Mutual Fund - DSP BlackRock FMP -Series 161 - 12M-Dir-Growth	-	-	-	-	20,000,000	217.9
Deutsche Mutual Fund-DWS Fixed Maturity Plan Series 63-Regular Plan-Growth	-	-	-	-	15,000,000	163.7
Deutsche Mutual Fund - DWS Interval Fund - Annual Plan Series 1 Direct - Growth	-	-	-	-	18,416,715	213.0
ICICI Prudential Mutual Fund-ICICI Prudential FMP Series 73-391 Days Plan G Direct Plan Cumulative	-	-	-	-	25,000,000	275.3
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 73 - 369 Days Plan T Direct Plan Cumulative	-	-	-	-	20,000,000	218.5
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74 - 367 Days Plan D Direct Plan Cumulative	-	-	-	-	40,000,000	434.5
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74 - 368 Days Plan J Direct Plan Cumulative	-	-	-	-	20,000,000	216.0
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74 - 369 Days Plan K Direct Plan Cumulative	-	-	-	-	15,000,000	161.5
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74-370 Days Plan S Direct Plan Cumulative	-	-	-	-	20,000,000	214.2
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74 - 369 Days Plan B Direct Plan Cumulative	-	-	-	-	30,000,000	325.9
Kotak Mutual Fund-Kotak FMP Series 145 Direct-Growth	-	-	-	-	35,000,000	385.5
Kotak Mutual Fund - Kotak FMP Series 155 Direct-Growth	-	-	-	-	25,000,000	273.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Kotak Mutual Fund - Kotak FMP Series 156 Direct - Growth	-	-	-	-	25,000,000	272.5
Kotak Mutual Fund - Kotak FMP Series 157 Direct - Growth	-	-	-	-	20,000,000	217.7
Kotak Mutual Fund - Kotak FMP Series 158 Direct	-	-	-	-	20,000,000	217.4
L&T Mutual Fund-L&T FMP Series 10- Plan T - Growth	-	-	-	-	25,000,000	272.9
Reliance Mutual Fund-Reliance Yearly Interval Fund -Series 1-Direct Plan-Growth Plan	-	-	22,980,898	304.3	22,980,898	278.4
Reliance Mutual Fund - Reliance Fixed Horizon Fund - XXVI - Series 9 - Direct Plan Growth Plan	-	-	-	-	50,000,000	545.4
Reliance Mutual Fund - Reliance Yearly Interval Fund - Series 6 -Direct Growth Plan	-	-	-	-	45,929,287	544.9
Reliance Mutual Fund - Reliance Fixed Horizon Fund-XXVI-Series-20-Direct Plan-Growth Plan	-	-	-	-	25,000,000	270.1
Reliance Mutual Fund - Reliance Yearly Interval Fund-Series 8-Direct Plan Growth Plan	-	-	-	-	18,423,501	214.2
Reliance Mutual Fund - Reliance Fixed Horizon Fund-XXVI-Series-31-Direct Plan-Growth Plan	-	-	-	-	30,000,000	320.9
Reliance Mutual Fund - Reliance Yearly Interval Fund - Series 9 - Direct Plan Growth Plan	-	-	-	-	18,395,541	213.3
Reliance Mutual Fund - Reliance Fixed Horizon Fund -XXVI-Series 12-Direct Plan Growth Plan	-	-	-	-	25,000,000	272.6
Religare Invesco Mutual Fund - Religare Invesco FMP Serie 23-Plan O (370 Days) - Direct Plan Growth	-	-	-	-	20,000,000	213.3
Religare Invesco Mutual Fund - Religare Invesco FMP Series 23-Plan H (370 Days)-Direct Plan Growth	-	-	-	-	10,000,000	109.0
Religare Invesco Mutual Fund - Religare Invesco FMP Series 23-Plan L (370 Days)-Direct Plan Growth	-	-	-	-	21,000,000	227.8
Religare Aegon Mutual Fund - Religare Invesco FMP Series 23-Plan N (367 Days)-Direct Plan Growth	-	-	-	-	20,000,000	214.3
Unit of ₹ 100 each fully paid						
ICICI Prudential Mutual Fund-ICICI Prudential Liquid - Direct Plan - Growth	1,662,199	400.1	-	-	-	-
ICICI Prudential Mutual Fund-ICICI Prudential Money Market Fund - Direct Plan - Growth	-	-	-	-	6,825,507	1,320.7
Pramerica Mutual Fund-Pramerica Liquid Fund-Direct Plan-Growth Option fully paid	-	-	-	-	335,039	500.5
Unit of ₹ 1000 each fully paid						
Axis Mutual Fund - Axis Liquid Fund-Direct Growth	110,943	200.1	-	-	-	-
Axis Mutual Fund - Axis Liquid Fund- Direct Plan Growth-CFDG	-	-	-	-	483,934	750.7
BNP Paribas Mutual Fund- BNP Paribas Overnight Fund-Direct Plan Growth Option	-	-	214,785	500.5	348,489	750.6
Baroda Pioneer Mutual Fund -Baroda Pioneer Liquid Fund Plan B-Growth	213,966	400.1	863,209	1,502.5	467,631	750.7
DSP BlackRock Mutual Fund-DSP BlackRock Liquidity Fund-Direct Plan-Growth	107,519	250.1	-	-	249,960	500.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Indiabulls Mutual Fund-Indiabulls Liquid Fund-Direct Plan Growth	-	-	508,251	750.7	367,372	500.2
Kotak Mutual Fund-Kotak Liquid Scheme Plan A-Direct Plan-Growth	-	-	-	-	88,128	250.3
Kotak Mutual Fund-Kotak Floater Short Term - Direct Plan - Growth	187,362	500.1	334,131	830.8	-	-
LIC Mutual Fund-LIC MF Liquid Fund - Direct - Growth	110,235	325.1	-	-	-	-
Principal Mutual Fund-Principal Cash Management Fund-Direct Plan Growth	-	-	-	-	735,345	1,001.0
Reliance Mutual Fund-Reliance Liquid Fund - Cash Plan - Direct Growth Plan	-	-	716,594	1,752.4	2,239,411	5,048.2
SBI Mutual Fund-SBI Magnum Insta Cash Fund-Direct Plan-Growth	-	-	-	-	323,324	1,000.1
In commercial paper						
Unquoted						
Housing Development Finance Corporation Limited Units of Face Value of ₹ 500,000 each	-	-	1,000	491.0	-	-
JM Financial Products Ltd Units of Face Value ₹ 500,000 each	-	-	500	244.6	-	-
Barclays Investment & Loans (India) Ltd- 90D CP May 5, 2016; Units of Face Value of ₹ 500,000 each	-	-	1,000	488.8	-	-
Barclays Investment & Loans (India) Ltd- 193D CP 04SP15 Units of Face Value of ₹ 500,000 each	-	-	-	-	600	285.7
JM Financial Products Ltd- 180D CP 17AG15 Units of Face Value of ₹ 500,000 each	-	-	-	-	500	238.6
		2,308.8		**7,138.1**		**21,662.2**

* Investments in mutual funds have been fair valued at closing net asset value (NAV).

Aggregate book value (carrying value) of quoted investments	230.1	236.8	1,212.2
Aggregate amount of quoted investments at market value	230.1	236.8	1,212.2
Aggregate amount of unquoted investments before impairment	2,078.7	6,901.3	20,450.0
Aggregate amount of impairment in value of investments	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 13

TRADE RECEIVABLES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured			
Considered good	72,026.1	67,756.6	50,927.5
Doubtful	2,109.9	1,955.7	1,395.6
	74,136.0	**69,712.3**	**52,323.1**
Less: Allowance for doubtful debts (expected credit loss allowance)	(2,109.9)	(1,955.7)	(1,395.6)
	72,026.1	**67,756.6**	**50,927.5**

Note 14

CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance with Banks			
In current accounts	49,192.3	53,731.0	57,564.2
In deposit accounts with original maturity less than 3 months	35,576.1	26,858.8	14,896.4
Cheques, drafts on hand	1,813.9	143.6	164.4
Cash on hand	45.7	18.0	20.9
	86,628.0	**80,751.4**	**72,645.9**

Note 15

BANK BALANCES OTHER THAN DISCLOSED IN NOTE 14 ABOVE

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deposit accounts (*)	64,573.9	50,904.8	36,957.8
Earmarked balances with banks			
Unpaid dividend accounts	59.3	63.0	58.5
Balances held as margin money or security against guarantees and other commitments (*)	147.2	97.3	108.5
	64,780.4	**51,065.1**	**37,124.8**

(*) Other bank balances include deposits amounting to ₹ 25,700.8 Million (March 31, 2016: ₹ 46,848.6 Million; April 01, 2015: ₹ 28,052.4 Million) and margin monies amounting to ₹ 70.2 Million (March 31, 2016: ₹ 97.3 Million; April 01, 2015: ₹ 96.1 Million) which have an original maturity of more than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 16

LOANS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Receivable on account of assets under finance lease - secured, considered good (Refer note 55)	-	10.6	10.0
Loans to related parties (Refer notes 49 and 70)			
Unsecured, considered good	454.0	-	238.0
Doubtful	512.0	512.0	274.0
Less: allowance for doubtful loans	(512.0)	(512.0)	(274.0)
	454.0	**-**	**238.0**
Loans to employees/others			
Secured, considered good	8.7	409.0	3,360.6
Unsecured, considered good	9,728.1	10,295.9	6,873.0
Doubtful	4.5	4.5	4.5
Less: allowance for doubtful Loans	(4.5)	(4.5)	(4.5)
	9,736.8	10,704.9	10,233.6
	10,190.8	**10,715.5**	**10,481.6**

Note 17

OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued on investments/balances with banks	599.9	284.4	90.8
Interest accrued and due on loans (Refer notes 70)			
Considered good	0.2	4.9	88.8
Doubtful	214.9	151.5	-
Less: allowance for doubtful interest accrued and due on loans	(214.9)	(151.5)	-
	0.2	**4.9**	**88.8**
Security deposits	70.9	177.8	130.1
Derivatives not designated as hedges	627.7	92.4	934.7
Other*	959.8	331.3	25,507.5
	2,258.5	**890.8**	**26,751.9**

* As at March 31, 2017 and as at March 31, 2016 includes receivable towards sale of assets/manufacturing facilities. As at April 01, 2015 includes receivable from a third party, which has agreed to bear damages paid by a subsidiary on account of patent infringement in consideration of the Group agreeing to sell them pharmaceutical products at a negotiated discounted price for a specified period.

Note 18

OTHER CURRENT ASSETS

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Export incentives receivable	2,159.2	1,936.4	1,500.4
Prepaid expenses	2,601.6	2,537.3	2,537.4
Advances for supply of goods and services	9,023.1	4,422.7	1,828.9
Balances with government authorities	8,997.8	7,855.3	6,537.4
Other	168.2	46.5	115.3
	22,949.9	**16,798.2**	**12,519.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 19

EQUITY SHARE CAPITAL

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	₹ in Million	Number of shares	₹ in Million	Number of shares	₹ in Million
Authorised						
Equity shares of ₹ 1 each	5,990,000,000	5,990.0	5,990,000,000	5,990.0	5,990,000,000	5,990.0
Cumulative preference shares of ₹ 100 each	100,000	10.0	100,000	10.0	100,000	10.0
	5,990,100,000	**6,000.0**	**5,990,100,000**	**6,000.0**	**5,990,100,000**	**6,000.0**
Issued, subscribed and fully paid up						
Equity shares of ₹ 1 each (Refer note 42)	2,399,260,815	2,399.3	2,406,605,118	2,406.6	2,071,163,910	2,071.2
	2,399,260,815	**2,399.3**	**2,406,605,118**	**2,406.6**	**2,071,163,910**	**2,071.2**

Note 20

OTHER EQUITY

(Refer consolidated statement of changes in Equity for detailed movement in other equity balances)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
A) Share application money pending allotment March 31, 2017: ₹ 7,177) [Refer Note 58 (b)]	0.0	6.7	149.0
B) Reserve and surplus			
Capital reserve	507.5	456.9	268.0
Securities premium reserve	11,894.6	18,585.2	18,220.3
Debenture redemption reserve	2,083.4	1,041.7	750.0
Share options outstanding account	26.4	48.9	82.1
Revaluation reserve	-	-	39.8
Amalgamation reserve	43.8	43.8	43.8
Capital redemption reserve	7.5	-	-
Legal reserve	1.1	1.1	0.9
General reserve	35,578.0	35,578.0	34,828.0
Retained earnings	306,456.9	251,630.4	216,743.1
C) Items of other comprehensive income (OCI)			
Debt instrument through other comprehensive income	(3.4)	1.3	-
Equity instrument through other comprehensive income	339.7	4,081.1	6,883.5
Foreign currency translation reserve	7,015.7	15,943.1	-
Effective portion of cash flow hedges	46.2	-	-
Total reserves and surplus	**363,997.4**	**327,418.2**	**278,008.5**

Nature and purpose of each reserve

Capital reserve - During amalgamation / merger / acquisition, the excess of net assets taken, over the consideration paid, if any, is treated as capital reserve.

Securities premium reserve - The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Debenture redemption reserve - The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend. This reserve was transferred to general reserve on redemption of debentures.

Share option outstanding account - The fair value of the equity settled share based payment transactions is recognised to share option outstanding account.

Revaluation reserve - Revaluation reserve is utilised in accordance with provisions of the Companies Act 2013.

Amalgamation reserve - The reserve was created pursuant to scheme of amalgamation in earlier years.

Capital redemption reserve - The Company has recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back.

Legal reserve - The reserve has been created by an overseas subsidiary in compliance with requirements of local laws.

General Reserve - The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Debt instrument through OCI - The Company has elected to recognise changes in the fair value of certain investment in debt instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of debt instrument.

Equity instrument through OCI - The Company has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.

Foreign currency translation reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Effective portion of cash flow hedges -The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 21

BORROWINGS (NON-CURRENT) [Refer note 68]

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Redeemable non-convertible debentures			
Unsecured	5,000.0	10,000.0	-
Term loans	-	-	-
From banks			
Secured	-	-	327.4
Unsecured	8,583.4	20,309.9	12,677.7
From Department of Biotechnology			
Secured	108.2	77.3	77.3
From other parties			
Unsecured	-	-	513.1
Long-term maturity of finance lease obligations	662.5	715.8	2.2
Deferred payment liabilities	6.7	-	-
	14,360.8	**31,103.0**	**13,597.7**

Note 22

OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade/security deposits received	-	212.7	219.7
Interest accrued	-	4.9	3.4
Derivatives not designated as hedge	-	-	253.5
Other financial liabilities*	1,048.0	1,624.6	1,340.1
	1,048.0	**1,842.2**	**1,816.7**

* includes contractual and expected milestone obligation

Note 23

PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits (Refer note 56)	3,146.3	2,353.9	1,894.6
Others (Refer note 61)	8,964.8	16,604.7	21,179.9
	12,111.1	**18,958.6**	**23,074.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 24

OTHER NON-CURRENT LIABILITIES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances from customer	6.2	-	-
Deferred government grants (Refer note 72)	137.9	166.5	129.8
Deferred revenue	105.7	87.8	-
Others	9.3	-	-
	259.1	**254.3**	**129.8**

Note 25

BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Loans repayable on demand			
From banks			
Secured (Refer note 69)	198.1	2,560.5	2,739.0
Unsecured	47,046.5	48,040.8	46,808.1
From others			
Unsecured	1,001.4	-	-
Other loans			
From banks			
Secured [Refer note 69]	-	204.5	232.1
Unsecured	-	1,255.4	-
Commercial paper			
Unsecured	18,303.2	-	12,347.5
	66,549.2	**52,061.2**	**62,126.7**

Note 26

TRADE PAYABLES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Dues to micro and small enterprises	123.8	111.4	109.6
Others	43,830.1	35,717.8	32,320.7
	43,953.9	**35,829.2**	**32,430.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 27

OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of long-term debt (Refer note 68)	17,368.2	1,770.7	13,975.8
Current maturities of finance lease obligations (Refer note 68)	39.5	32.7	21.9
Interest accrued	384.1	439.2	320.3
Unpaid dividends	76.6	72.8	65.7
Security deposits	179.4	17.7	15.8
Payables on purchase of property, plant and equipment	1,940.7	2,086.3	1,226.8
Derivatives designated as hedge	26.6	-	-
Derivatives not designated as hedge	217.4	216.1	5,322.6
Others*	1,883.8	2,237.8	3,188.5
	22,116.3	**6,873.3**	**24,137.4**

* includes claims, recall charges, contractual and expected milestone obligations, trade and other commitments.

Note 28

OTHER CURRENT LIABILITIES

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Statutory remittances	3,082.7	3,583.5	3,258.5
Advance from customers	1,205.8	719.1	370.0
Deferred revenue	13.4	-	6.6
Deferred government grants (Refer note 72)	12.6	-	-
Others	**306.0**	**166.8**	**602.7**
	4,620.5	**4,469.4**	**4,237.8**

Note 29

PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits (Refer note 56)	2,220.3	1,631.5	1,717.2
Others (Refer note 61)	37,938.8	28,102.9	22,729.8
	40,159.1	**29,734.4**	**24,447.0**

Note 30

CURRENT TAX LIABILITIES (NET)

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for income tax [Net of advance income tax]	1,471.2	2,472.1	5,914.7
	1,471.2	**2,472.1**	**5,914.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 31

REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (including excise duty)	302,642.3	278,880.7
Other operating revenues	13,142.1	5,989.6
	315,784.4	**284,870.3**

Note 32

OTHER INCOME

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income on:		
Bank deposits at amortised cost	1,602.3	1,263.3
Loans and advances at amortised cost	769.3	1,048.2
Investments carried at amortised cost	73.4	119.8
Investments in debt instruments at fair value through other comprehensive income	61.0	-
Investments carried at fair value through profit or loss	9.7	5.1
Other financial assets carried at amortised cost	852.7	913.7
Financial guarantee given measured at fair value through profit or loss	2.5	2.0
Others	340.8	220.1
	3,711.7	**3,572.2**
Dividend income on investments	420.5	502.9
Gain on sale of financial assets measured at fair value through profit or loss	479.3	528.0
Net gain arising on financial assets measured at fair value through profit or loss	72.2	353.3
Gain on disposal of property, plant and equipment and other intangible assets	18.7	591.7
Sundry balances written back	618.5	175.2
Insurance claims	134.4	284.7
Lease rental and hire charges	249.4	243.9
Income from government grants	20.9	-
Gain on disposal of an associate entity	201.3	-
Miscellaneous income	304.6	330.6
	6,231.5	**6,582.5**

Note 33

COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Raw and packing materials		
Inventories at the beginning of the year	20,495.8	18,763.7
Inventories acquired on acquisition (Refer note 78)	171.0	3,724.3
Purchases during the year	52,565.2	40,276.5
Foreign currency translation difference	(174.9)	(452.4)
Inventories at the end of the year	(21,811.0)	(20,495.8)
	51,246.1	**41,816.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 34

CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the beginning of the year	42,786.5	37,131.5
Foreign currency translation difference	(339.8)	1,717.3
Inventories at the end of the year	(45,163.0)	(42,786.5)
	(2,716.3)	**(3,937.7)**

Note 35

EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	43,229.1	40,115.5
Contribution to provident and other funds	3,001.0	3,854.5
Share based payments to employees	32.3	98.8
Staff welfare expenses	2,760.6	3,654.3
	49,023.0	**47,723.1**

Note 36

FINANCE COSTS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense for financial liabilities carried at amortised cost	2,854.6	2,424.7
Interest expense others	10.9	68.3
Exchange differences regarded as an adjustment to borrowing costs	694.7	2,201.4
Unwinding of discounts on provisions	437.8	538.0
	3,998.0	**5,232.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 37

OTHER EXPENSES

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of materials, stores and spare parts	6,531.0	5,633.7
Conversion and other manufacturing charges	6,408.8	4,407.1
Power and fuel	5,250.9	5,454.4
Rent	1,237.8	1,329.6
Rates and taxes	3,022.3	2,659.2
Insurance	1,068.2	1,253.0
Selling and distribution	20,736.5	17,266.1
Commission on sale	1,130.0	1,462.6
Repairs and maintenance	4,097.0	4,145.1
Printing and stationery	859.7	761.6
Travelling and conveyance	5,250.1	3,671.3
Freight outward and handling charges	3,339.9	3,894.8
Communication	726.1	774.3
Provision/write off for doubtful trade receivables/advances	341.8	1,602.1
Professional, legal and consultancy	14,642.6	18,862.0
Donations	32.1	173.9
Loss on sale/write off of property, plant and equipment	127.5	155.8
Net (gain) / loss on foreign currency transactions	(3,730.7)	2,925.0
Excise duty on sales	2,703.0	3,784.2
(Decrease)/increase of excise duty on inventories	(5.2)	115.4
Payment to auditors (net of input credit, where applicable)		
For audit [includes Nil (Previous year ₹ 0.7 Million) in respect of previous year]	170.4	193.3
For taxation matters	5.7	16.6
For other services	52.1	46.7
Reimbursement of expenses	4.7	0.9
Impairment of investments	6.8	166.8
Impairment of non-current investment in an associate [₹ Nil (Previous Year ₹ 16,380)]	-	0.0
Impairment of property, plant and equipment and other intangible assets	203.6	511.2
Miscellaneous expenses	10,348.6	10,993.5
	84,561.3	**92,260.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 38

RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	5,270.2	4,872.2
Contribution to provident and other funds	406.3	441.7
Staff welfare expenses	228.0	368.6
Consumption of materials, stores and spare parts	3,976.2	3,443.1
Power and fuel	366.3	347.8
Rates and taxes	318.0	104.0
Rent	92.9	136.9
Insurance	41.1	39.1
Repairs and maintenance	583.2	549.8
Printing and stationery	40.2	37.9
Travelling and conveyance	209.6	319.5
Communication	57.1	80.9
Professional, legal and consultancy	7,939.4	9,933.4
Loss on sale/write off of property, plant and equipment, Net	(0.4)	0.6
Miscellaneous expenses	1,930.4	1,566.9
	21,458.5	**22,242.4**
Less:		
Interest Income	2.0	2.1
Miscellaneous income	9.2	13.9
Receipts from Research activities	423.0	938.6
	434.2	**954.6**
	21,024.3	**21,287.8**

Note 39

a) List of entities included in the Consolidated Financial Statements is as under:

	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year ended		
			March 31, 2017	March 31, 2016	April 01, 2015
	Parent Company				
	Sun Pharmaceutical Industries Limited				
	Direct Subsidiaries				
1	Green Eco Development Centre Limited	India	100.00%	100.00%	100.00%
2	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	72.50%	72.50%	72.50%
3	Sun Pharmaceutical Industries, Inc.	United States of America	100.00%	100.00%	100.00%
4	Sun Farmaceutica do Brasil Ltda.	Brazil	100.00%	100.00%	100.00%
5	Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%	75.00%
6	SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%	100.00%
7	Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%	99.33%
8	OOO "Sun Pharmaceutical Industries" Limited	Russia	100.00%	100.00%	99.00%
9	Sun Pharma De Venezuela, C.A.	Venezuela	100.00%	100.00%	100.00%
10	Sun Pharma Laboratories Limited	India	100.00%	100.00%	100.00%
11	Faststone Mercantile Company Private Limited	India	100.00%	100.00%	100.00%
12	Neetnav Real Estate Private Limited	India	100.00%	100.00%	100.00%
13	Realstone Multitrade Private Limited	India	100.00%	100.00%	100.00%
14	Skisen Labs Private Limited	India	100.00%	100.00%	100.00%
15	Sun Pharma Holdings	Mauritius	100.00%	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

a) List of entities included in the Consolidated Financial Statements is as under:

	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year ended		
			March 31, 2017	March 31, 2016	April 01, 2015
16	Softdeal Trading Company Private Limited	India	100.00%	100.00%	100.00%
17	Ranbaxy Pharmacie Generiques	France	100.00%	100.00%	100.00%
18	Ranbaxy Drugs Limited	India	100.00%	100.00%	100.00%
19	Vidyut Investments Limited	India	100.00%	100.00%	100.00%
20	Gufic Pharma Limited	India	100.00%	100.00%	100.00%
21	Ranbaxy (Malaysia) Sdn. Bhd.	Malaysia	71.22%	71.22%	71.22%
22	Ranbaxy Nigeria Limited	Nigeria	85.31%	85.31%	85.31%
23	Ranbaxy (Netherlands) B.V.	Netherlands	100.00%	100.00%	100.00%
24	Foundation for Disease Elimination and Control of India	India	100.00%	-	-
Step down Subsidiaries					
25	Caraco Pharma Inc.	United States of America	-	100.00% (see note f)	100.00%
26	Chattem Chemicals Inc.	United States of America	100.00%	100.00%	100.00%
27	The Taro Development Corporation	United States of America	100.00%	100.00%	100.00%
28	Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%	99.99%
29	Sun Pharmaceuticals UK Limited	United Kingdom	100.00%	100.00%	100.00%
30	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	100.00%	100.00%	100.00%
31	Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%	100.00%
32	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	100.00%	100.00%	100.00%
33	Sun Pharmaceuticals Italia S.R.L.	Italy	100.00%	100.00%	100.00%
34	Sun Pharmaceuticals Spain, S.L.U.	Spain	100.00% (see note g)	100.00%	100.00%
35	Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%	100.00%
36	Sun Pharmaceuticals France	France	100.00%	100.00%	100.00%
37	Sun Pharma Global FZE	United Arab Emirates	100.00%	100.00%	100.00%
38	Sun Pharmaceuticals (SA) (Pty) Ltd.	South Africa	100.00%	100.00%	100.00%
39	Sun Global Canada Pty. Ltd.	Canada	100.00%	100.00%	100.00%
40	Sun Pharma Philippines, Inc.	Philippines	100.00%	100.00%	100.00%
41	Sun Pharmaceuticals Korea Ltd.	Korea	100.00%	100.00%	100.00%
42	Sun Global Development FZE	United Arab Emirates	100.00%	100.00%	100.00%
43	Caraco Pharmaceuticals Private Limited	India	100.00%	100.00%	100.00%
44	Sun Pharma Japan Ltd.	Japan	100.00%	100.00%	100.00%
45	Sun Pharma Healthcare FZE	United Arab Emirates	100.00%	100.00%	100.00%
46	Morley & Company, Inc.	United States of America	100.00%	100.00%	100.00%
47	Sun Laboratories FZE	United Arab Emirates	100.00%	100.00%	100.00%
48	Taro Pharmaceutical Industries Ltd. (TARO)	Israel (See note b)	72.81%	68.98%	68.87%
49	Taro Pharmaceuticals Inc.	Canada	72.81%	68.98%	68.87%
50	Taro Pharmaceuticals U.S.A., Inc.	United States of America	72.81%	68.98%	68.87%
51	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	72.81%	68.98%	68.87%
52	Taro Pharmaceuticals Europe B.V.	Netherlands	72.81%	68.98%	68.87%
53	Taro Pharmaceuticals Ireland Limited	Ireland	72.81%	68.98%	68.87%
54	Taro International Ltd.	Israel	72.81%	68.98%	68.87%
55	Taro Pharmaceuticals (UK) Limited	United Kingdom	72.81%	68.98%	68.87%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

a) List of entities included in the Consolidated Financial Statements is as under:

	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year ended		
			March 31, 2017	March 31, 2016	April 01, 2015
56	Taro Hungary Intellectual Property Licensing Limited Liability Company	Hungary	72.81% (see note h)	68.98%	68.87%
57	3 Skyline LLC	United States of America	72.81%	68.98%	68.87%
58	One Commerce Drive LLC	United States of America	72.81%	68.98%	68.87%
59	Taro Pharmaceutical Laboratories Inc	United States of America	72.81%	68.98%	68.87%
60	Taro Pharmaceuticals Canada, Ltd.	Canada	72.81%	68.98%	68.87%
61	Taro Pharmaceutical India Private Limited	India (see note i)	72.81%	68.98%	68.87%
62	Alkaloida Sweden AB	Sweden	100.00%	100.00%	100.00%
63	Dusa Pharmaceuticals, Inc.	United States of America	100.00%	100.00%	100.00%
64	Dusa Pharmaceuticals New York, Inc.	United States of America	100.00% (see note j)	100.00%	100.00%
65	Sirius Laboratories Inc	United States of America	100.00% (see note k)	100.00%	100.00%
66	URL Pharma, Inc	United States of America	-	100.00% (see note l)	100.00%
67	AR Scientific, Inc	United States of America	-	100.00% (see note m)	100.00%
68	Mutual Pharmaceutical Company Inc.	United States of America	100.00%	100.00%	100.00%
69	United Research Laboratories, Limited	United States of America	-	100.00% (see note n)	100.00%
70	Dungan Mutual Associates, LLC	United States of America	100.00%	100.00%	100.00%
71	URL PharmPro, LLC	United States of America	100.00%	100.00%	100.00%
72	2 Independence Way LLC	United States of America	100.00%	100.00%	-
73	Thallion Pharmaceutical Inc.,	United States of America	100.00%	-	-
74	Universal Enterprises Private Limited	India	100.00%	100.00%	100.00%
75	Sun Pharma Switzerland Limited	Switzerland	100.00%	100.00%	100.00%
76	Silverstreet Developers LLP	India	-	100.00% (see note p)	100.00%
77	Sun Pharma East Africa Limited	Kenya	100.00%	100.00%	100.00%
78	Pharmalucence, Inc.	United States of America	100.00%	100.00%	100.00%
79	PI Real Estate Ventures, LLC	United States of America	100.00%	100.00%	100.00%
80	Sun Pharma ANZ Pty Ltd (Formerly known as Ranbaxy Australia Pty Ltd)	Australia	100.00%	100.00%	100.00%
81	Ranbaxy Belgium N.V.	Belgium	-	100.00% (see note q)	100.00%
82	Ranbaxy Farmaceutica Ltda.	Brazil	100.00%	100.00%	100.00%
83	Ranbaxy Pharmaceuticals Canada Inc.	Canada	100.00%	100.00%	100.00%
84	Ranbaxy Egypt LLC	Egypt	100.00%	100.00%	100.00%
85	Rexcel Egypt LLC	Egypt	100.00%	100.00%	100.00%
86	Office Pharmaceutique Industriel Et Hospitalier	France	100.00%	100.00%	100.00%
87	Basics GmbH	Germany	100.00%	100.00%	100.00%
88	Ranbaxy GmbH	Germany	100.00%	100.00%	100.00%
89	Ranbaxy Ireland Limited	Ireland	100.00%	100.00%	100.00%
90	Ranbaxy Italia S.P.A.	Italy	100.00%	100.00%	100.00%
91	Sun Pharmaceutical Industries S.A.C. (Formerly known as Ranbaxy - PRP (Peru) S.A.C.)	Peru	100.00%	100.00%	100.00%
92	Ranbaxy (Poland) Sp. Z o.o.	Poland	100.00%	100.00%	100.00%
93	Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda	Portugal	-	100.00% (see note r)	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

a) List of entities included in the Consolidated Financial Statements is as under:

	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year ended		
			March 31, 2017	March 31, 2016	April 01, 2015
94	S.C Terapia S.A.	Romania	96.70%	96.70%	96.70%
95	AO Ranbaxy (Formerly known as ZAO Ranbaxy)	Russia	100.00%	100.00%	100.00%
96	Ranbaxy South Africa Proprietary Limited	South Africa	100.00%	100.00%	100.00%
97	Ranbaxy Pharmaceutical Proprietary Limited	South Africa	100.00%	100.00%	100.00%
98	Be-Tabs Investments Proprietary Limited	South Africa	100.00%	100.00%	100.00%
99	Sonke Pharmaceuticals Proprietary Limited	South Africa	70.00%	70.00%	70.00%
100	Laboratorios Ranbaxy, S.L.U.	Spain	100.00%	100.00%	100.00%
101	Ranbaxy (U.K.) Limited	United Kingdom	100.00%	100.00%	100.00%
102	Ranbaxy Holdings (U.K.) Limited	United Kingdom	100.00%	100.00%	100.00%
103	Ranbaxy Europe Limited	United Kingdom	100.00%	100.00%	100.00%
104	Ranbaxy Inc.	United States of America	100.00%	100.00%	100.00%
105	Ranbaxy Pharmaceuticals, Inc.	United States of America	100.00%	100.00%	100.00%
106	Ranbaxy (Thailand) Company Limited	Thailand	100.00%	100.00%	100.00%
107	Ohm Laboratories, Inc.	United States of America	100.00%	100.00%	100.00%
108	Ranbaxy Laboratories, Inc.	United States of America	100.00%	100.00%	100.00%
109	Ranbaxy Signature LLC	United States of America	67.50%	67.50%	67.50%
110	Sun Pharmaceuticals Morocco LLC (Formerly known as Ranbaxy Morocco LLC)	Morocco	100.00%	100.00%	100.00%
111	"Ranbaxy Pharmaceuticals Ukraine" LLC	Ukraine	100.00%	100.00%	100.00%
112	Perryton Wind Power LLC	United States of America	100.00% (see note s)	100.00%	-
113	Insite Vision Incorporated	United States of America	100.00%	100.00%	-
114	Insite Vision Ltd.	United Kingdom	100.00%	100.00%	-
115	Thea Acquisition Corporation	United States of America	-	100.00% (see note t)	-
116	Zalicus Pharmaceuticals Limited	Canada	-	100.00% (see note u)	-
117	Ocular Technologies SARL	Switzerland	100.00%	-	-
118	Sun Pharmaceutical Medicare Limited	India	100.00%	-	-
119	JSC Biosintez	Russia	85.10%	-	-
120	Sun Pharmaceuticals Holdings USA, INC	United States of America	100.00%	-	-
121	Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	India	100.00% (see note v)	-	-
Name of Partnership Firm					
122	Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	India	-	100.00% (see note v)	100.00%
Name of Joint Venture Entities					
123	MSD - Sun LLC	United States of America	50.00% (see note w)	50.00%	50.00%
124	S & I Ophthalmic LLC	United States of America	50.00%	50.00%	50.00%
125	Artes Biotechnology GmbH	Germany	45.00%	45.00%	45.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

a) List of entities included in the Consolidated Financial Statements is as under:

	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year ended		
			March 31, 2017	March 31, 2016	April 01, 2015
Name of Subsidiary of Joint Venture Entity					
126	MSD - Sun FZ LLC	United Arab Emirates	50.00% (see note x)	50.00%	50.00%
Name of Associates					
127	Zenotech Laboratories Limited	India	46.84%	46.84%	46.84%
128	Daiichi Sankyo (Thailand) Ltd.	Thailand	26.90% (see note y)	26.90%	26.90%
129	Medinstill LLC	United States of America	19.99%	19.99%	19.99%
130	Fraizer Healthcare VII, L.P.	United States of America	6.83%	6.83%	6.83%
131	Versant Venture Capital V, L.P.	United States of America	7.75%	7.75%	7.75%
132	Generic Solar Power LLP	India	28.76%	28.76%	-
133	scPharmaceuticals Inc.	United States of America	14.58%	-	-
134	Trumpcard Advisors and Finvest LLP	India	40.61%	-	-

b	Following are the details of the Group's holding in Taro:	March 31, 2017	March 31, 2016	April 01, 2015
	Voting power	81.87%	79.32%	79.24%
	Beneficial ownership	72.81%	68.98%	68.87%

c In respect of entities at Sr. Nos. 4 to 8, 95, 111, 113, 114, 117, 119 and 125 the reporting date is as of December 31, 2016 and different from the reporting date of the Parent Company. Adjustments have been made for significant transactions of these subsidiaries for the periods from January 01, 2016 to March 31, 2016 and January 01, 2017 to March 31, 2017, on the basis of their management accounts for the said periods.

d Entities at Sr. No. 24, 73, 117, 118, 119, 120, 133 and 134 have been incorporated / acquired during the year ended March 31, 2017.

e Foundation for Disease Elimination and Control of India (FDEC), a wholly owned subsidiary incorporated in India on September 21, 2016 by the Company as part of its Corporate Social Responsibility (CSR) initiative. FDEC has entered into an MOU with Indian Council of Medical Research (ICMR) and Madhya Pradesh State Government to undertake the Mandla Malaria Elimination Demonstration Project with a goal to eliminate Malaria in the state. FDEC is a Section 8 company not considered for consolidation since it can apply its income for charitable purposes only and can raise funds/contribution independently.

f With effect from August 20, 2015, Caraco Pharma Inc., has been merged with Sun Pharmaceutical Industries, Inc.

g With effect from March 02, 2017, Sun Pharmaceuticals Spain, S.L.U. has been liquidated.

h With effect from February 16, 2017, Taro Hungary Intellectual Property Licensing Limited Liability Company has been liquidated.

i Taro Pharmaceutical India Private Limited is under liquidation.

j With effect from August 16, 2016 Dusa Pharmaceuticals New York, Inc. has been dissolved.

k With effect from February 22, 2017 Sirius Laboratories Inc has been dissolved.

l With effect from April 01, 2015, URL Pharma Inc., has merged into Mutual Pharmaceutical Company, Inc.

m With effect from April 01, 2015, AR Scientific Inc. have merged into URL Pharma Inc.

n With effect from April 01, 2015, United Research Laboratories Limited, have merged into URL Pharma Inc.

o With effect from March 16, 2017, Thallion Pharmaceutical Inc. was acquired and merged with Taro Pharmaceuticals Inc.

p During the previous year, the Company has sold its investment in Silverstreet Developers LLP with effect from April 01, 2015.

q With effect from March 01, 2016, Ranbaxy Belgium N.V. has been liquidated.

r With effect from June 30, 2015 Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda has been liquidated.

s With effect from April 07, 2016 Perryton Wind Power LLC has been liquidated.

t With effect from November 02, 2015, Thea Acquisition Corporation has been merged with Insite Vision Incorporated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

u Zalicus Pharmaceuticals Limited was acquired during the previous year and subsequently amalgamated in Taro Pharmaceuticals Inc., on October 05, 2015.

v During the year, Solrex Pharmaceuticals Company, a partnership firm has been converted into company which is known as Sun Pharma Medisales Private Limited.

w MSD - Sun LLC is under liquidation.

x MSD-Sun FZ LLC has been deregistered with effect from September 14, 2015 having deregistration certificate dated December 25, 2016.

y Daiichi Sankyo (Thailand) Ltd.'s shares were sold as per agreement dated May 13, 2016.

z 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.

aa Disclosures mandated by the Companies Act, 2013 Schedule III Part II by way of additional information is given in Annexure A.

Note 40

CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
A)	**Contingent Liabilities**			
I)	Claims against the Group not acknowledged as debts	1,147.6	1,127.5	1,021.3
II)	Liabilities Disputed - Appeals filed with respect to :			
	Income Tax on account of Disallowances / Additions	56,712.6	30,915.7	26,706.7
	Sales Tax on account of Rebate / Classification	45.7	38.8	37.9
	Excise Duty on account of Valuation / Cenvat Credit	4,548.1	2,025.3	624.3
	Environment cess	23.3	23.3	23.3
	ESIC Contribution on account of applicability	132.8	0.2	0.2
	Service tax on certain services performed outside India under reverse charge basis	-	-	156.0
	Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Group	3,488.2	3,326.4	3,248.0
	Demand by JDGFT, import duty with respect to import alleged to be in excess of entitlement as per the Advanced Licence Scheme	16.7	15.4	15.4
	Fine imposed for anti-competitive settlement agreement by European Commission	715.4	773.0	689.1
	Octroi demand on account of rate difference	171.0	171.0	171.0
	Alleged breach of social security code contested by French subsidiary (maximum penalty amount)	-	-	124.8
	Other matters-employee /worker related cases, State Electricity Board, Punjab Land Preservation Act related matters etc.	126.0	284.4	302.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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III) LEGAL PROCEEDINGS

The Parent Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to conduct of its business. The respective 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 defences the ultimate disposition of these matters are not expected to have material adverse effect on its Financial Statements.

₹ in Million

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
IV)	Trade commitments	-	-	530.6
	Footnote: Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.			
B)	Guarantees Given by the bankers on behalf of the Group	2,250.5	819.1	776.9

Note 41

COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

Commitments		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	6,089.7	9,085.0	7,828.3
II)	Derivative related commitments - forward foreign exchange contracts [Refer note 47(C)]			
III)	Lease related commitments [Refer notes 55]			
IV)	Investment related commitments	1,715.2	246.6	2,894.4
V)	Letters of credit for imports	2,362.0	1,855.9	1,489.2

Note 42

DISCLOSURES RELATING TO SHARE CAPITAL

i Rights, Preferences and Restrictions attached to Equity Shares

The Equity Shares of the Parent 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 April 01, 2015 excluding share suspense account):

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Equity shares of ₹ 1 each				
Opening Balance	2,406,605,118	2,406.6	2,071,163,910	2,071.2
Add: Shares allotted during the year pursuant to the scheme of Amalgamation (Refer note 66)	-	-	334,770,248	334.8
Add : Shares allotted to employees on exercise of employee stock options [excluding shares held by ESOP trust (Refer note 58)]	155,697	0.2	670,960	0.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	As at March 31, 2017		As at March 31, 2016	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Less: Buy-back of shares (Refer note 65)	(7,500,000)	(7.5)	-	-
Closing Balance	**2,399,260,815**	**2,399.3**	**2,406,605,118**	**2,406.6**

iii The movement of shares issued to ESOP Trust at face value is as follows (As at April 01, 2015 excluding share suspense account):

	As at March 31, 2017		As at March 31, 2016	
Equity shares of ₹ 1 each	Number of shares	₹ in Million	Number of shares	₹ in Million
Opening balance	123,381	0.1	-	-
Add: Shares allotted during the year pursuant to scheme of amalgamation (Refer note 66)	-	-	186,516	0.2
Add: Shares allotted to the ESOP trust	-	-	160,000	0.1
Less: shares allotted by ESOP trust on exercise of employee stock option	(93,015)	(0.1)	(223,135)	(0.2)
Closing balance (March 31, 2017: ₹ 30,366)	**30,366**	**0.0**	**123,381**	**0.1**

iv 1,035,581,955 (upto March 31, 2016: 1,035,581,955; upto April 01, 2015: 1,035,581,955) 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.

v 334,956,764 (upto March 31, 2016: 334,956,764; April 01, 2015: Nil) equity shares of ₹ 1 each have been allotted, pursuant to scheme of amalgamation, without payment being received in cash during the period of five years immediately preceding the date at which the Balance Sheet is prepared. (Refer note 66)

vi Refer note 58 for number of employee stock options against which equity shares are to be issued by the Parent Company / ESOP Trust upon vesting and exercise of those stock options.

vii 7,500,000 (upto March 31, 2016: Nil, upto April 01, 2015: Nil) equity shares of ₹ 1 each have been bought back during the period of five years immediately preceding the date at which the Balance Sheet is prepared. The shares bought back in the current year were cancelled immediately. (Refer note 65)

viii Equity Shares held by each shareholder holding more than 5 percent Equity Shares (As at April 01, 2015 excluding Share Suspense Account) in the Parent Company are as follows:

Name of Shareholders	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares held	% of Holding	Number of shares held	% of Holding	Number of shares held	% of Holding
Dilip Shantilal Shanghvi	230,285,690	9.6	231,140,480	9.6	231,140,480	11.2
Viditi Investment Pvt. Ltd.	200,846,362	8.4	201,385,320	8.4	201,385,320	9.7
Tejaskiran Pharmachem Industries Pvt. Ltd.	194,820,971	8.1	195,343,760	8.1	195,343,760	9.4
Family Investment Pvt. Ltd.	182,437,880	7.6	182,927,440	7.6	182,927,440	8.8
Quality Investments Pvt. Ltd.	182,379,237	7.6	182,868,640	7.6	182,868,640	8.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 43

RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Revenue, net (Excluding Depreciation) [Refer Note 38]	21,024.3	21,287.8
Capital	1,679.3	782.6
Total	**22,703.6**	**22,070.4**

Note 44

CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments - quoted	-	2,472.7	-
Equity instruments - unquoted	293.2	-	-
Bonds/debentures - quoted	-	870.7	-
Government securities - quoted	-	560.1	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Mutual Funds - unquoted	2,078.7	-	-
Others - unquoted	608.5	-	-
Loans to related parties	-	-	454.0
Loans to employees/others	-	-	10,434.9
Trade receivables	-	-	72,026.1
Bank deposits with more than 12 months maturity	-	-	4,589.2
Security deposits	-	-	532.9
Cash and cash equivalents	-	-	86,628.0
Bank balances other than Cash and cash equivalents	-	-	64,780.4
Interest accrued on investments / balances with banks	-	-	599.9
Interest accrued on investments loans	-	-	0.2
Derivatives designated as hedges	-	67.1	-
Other financial assets	-	-	1,666.0
Mandatorily measured :			
Derivatives not designated as hedges	1,255.4	-	-
Total	**4,235.8**	**3,970.6**	**241,711.6**

₹ in Million

	As at March 31, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities			
Borrowings	-	-	80,910.0
Current maturities of long-term debt and finance lease obligations	-	-	17,407.7
Trade payables	-	-	43,953.9
Interest accrued but not due on borrowings	-	-	384.1
Unpaid dividends	-	-	76.6
Trade/security deposits	-	-	179.4
Payable on purchase of property, plant and equipment	-	-	1,940.7
Derivatives designated as hedges	-	26.6	-
Other financial liabilities	-	-	2,931.8
Mandatorily measured :			
Derivatives not designated as hedges	217.4	-	-
Total	**217.4**	**26.6**	**147,784.2**

₹ in Million

	As at March 31, 2016		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments - quoted	3.8	# 6,207.7	-
Equity instruments - unquoted	306.2	-	-
Bonds/debentures - quoted	-	872.1	-
Bonds/debentures - unquoted	-	-	106.0
Government securities - unquoted (₹ 10,000)	-	-	0.0
Mutual Funds - unquoted	5,676.9	-	-
Commercial paper - unquoted	-	-	1,224.4
Others - unquoted	237.9	-	-
Receivable on account of assets under finance lease	-	-	389.3
Loans to employees/others	-	-	11,399.4
Trade receivables	-	-	67,756.6
Bank deposits with more than 12 months maturity	-	-	7,631.4
Security deposits	-	-	568.6
Cash and cash equivalents	-	-	80,751.4
Bank balances other than cash and cash equivalents	-	-	51,065.1
Interest accrued on investments / balances with banks	-	-	284.4
Interest accrued on loans	-	-	4.9
Other financial assets	-	-	676.8
Mandatorily measured :			
Derivatives not designated as hedges	1,534.6	-	-
Total	**7,759.4**	**7,079.8**	**221,858.3**

Pertains to investment in equity instruments of Impax Laboratories Inc., Krebs Biochemicals and Industries Limited and FS INVT CORP COM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at March 31, 2016		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities			
Borrowings	-	-	83,164.2
Current maturities of long-term debt and finance lease obligations	-	-	1,803.4
Trade payables	-	-	35,829.2
Interest accrued but not due on borrowings	-	-	444.1
Unpaid dividends	-	-	72.8
Trade/security deposits	-	-	230.4
Payable on purchase of property, plant and equipment	-	-	2,086.3
Other financial liabilities	-	-	3,862.4
Mandatorily measured :			
Derivatives not designated as hedges	216.1	-	-
Total	**216.1**	-	**127,492.8**

₹ in Million

	As at April 01, 2015		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments - quoted	4.6	# 8,500.6	-
Equity instruments - unquoted	443.6	-	-
Bonds/debentures - quoted	-	2,883.4	-
Bonds/debentures - unquoted	-	-	97.1
Government securities - unquoted (₹ 10,000)	-	-	0.0
Mutual Funds - unquoted	19,925.7	-	-
Commercial paper - unquoted	-	-	524.3
Others - unquoted	55.0	-	-
Receivable on account of assets under finance lease	-	-	399.3
Loans to related parties	-	-	238.0
Loans to employees/others	-	-	11,674.4
Trade receivables	-	-	50,927.5
Cash and cash equivalents	-	-	72,645.9
Bank balances other than Cash and cash equivalents	-	-	37,124.8
Interest accrued on investments / balances with banks	-	-	139.7
Interest accrued and due on loans	-	-	88.8
Other financial assets	-	-	25,589.3
Security deposits	-	-	571.3
Mandatorily measured :			
Derivatives not designated as hedges	1,946.2	-	-
Total	**22,375.1**	**11,384.0**	**200,020.4**

Pertains to investment in equity instruments of Impax Laboratories Inc., Krebs Biochemicals and Industries Limited and FS INVT CORP COM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at April 01, 2015		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities			
Borrowings	-	-	75,724.4
Trade payables	-	-	32,440.5
Current maturities of long-term debt and finance lease obligations	-	-	13,997.7
Interest accrued but not due on borrowings	-	-	323.7
Unpaid dividends	-	-	65.7
Trade/security deposits	-	-	235.5
Payable on purchase of property, plant and equipment	-	-	1,226.8
Other financial liabilities	-	-	4,528.6
Mandatorily measured :			
Derivatives not designated as hedges	5,576.1	-	-
Total	**5,576.1**	**-**	**128,542.9**

Note 45

FAIR VALUE HIERARCHY

₹ in Million

	As at March 31, 2017		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value-recurring fair value measurements			
Financial assets			
Investments			
Equity instruments - quoted	2,472.7	-	-
Equity instruments - unquoted	-	-	293.2
Bonds / debentures - quoted	870.7	-	-
Government securities - quoted	560.1	-	-
Mutual funds - unquoted	2,078.7	-	-
Others - unquoted	-	-	608.5
Derivatives not designated as hedges	-	1,255.4	-
Derivatives designated as hedges	-	67.1	-
	5,982.2	**1,322.5**	**901.7**
Financial liabilities			
Derivative not designated as hedges	-	217.4	-
Derivatives designated as hedges	-	26.6	-
	-	**244.0**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	As at March 31, 2016		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value-recurring fair value measurements			
Financial assets			
Investments			
Equity instruments - quoted	6,211.5	-	-
Equity instruments - unquoted	-	-	306.2
Bonds / debentures - quoted	872.1	-	-
Mutual funds - unquoted	5,676.9	-	-
Others - unquoted	-	-	237.9
Derivatives not designated as hedges	-	1,534.6	-
	12,760.5	**1,534.6**	**544.1**
Financial liabilities			
Derivative not designated as hedges	-	216.1	-
	-	**216.1**	**-**

₹ in Million

	As at April 01, 2015		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value-recurring fair value measurements			
Financial assets			
Investments			
Equity instruments - quoted	8,505.2	-	-
Equity instruments - unquoted	-	-	443.6
Bonds / debentures - quoted	2,883.4	-	-
Mutual funds - unquoted	19,925.7	-	-
Others - unquoted	-	-	55.0
Derivatives not designated as hedges	-	1,946.2	-
	31,314.3	**1,946.2**	**498.6**
Financial liabilities			
Derivative not designated as hedges	-	5,576.1	-
	-	**5,576.1**	**-**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximates the fair value because there is wide range of possible fair value measurements and the costs represents estimate of fair value within that range.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

The investments which are fair valued through other comprehensive income, are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at fair value through other comprehensive income as the management believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in consolidated statement of profit and loss. There were no transfers between Level 1 and 2 in the period.

The management considers that the carrying amount of financial assets and financial liabilities carried as amortised cost approximates their fair value.

Reconciliation of Level 3 fair value measurements

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Unlisted shares valued at fair value		
Balance at the beginning of the year	544.1	498.6
Purchases	462.8	179.5
Foreign currency translation difference	(98.4)	29.8
Disposal / settlements	(6.8)	(163.8)
Balance at the end of the year	**901.7**	**544.1**

Note 46

CAPITAL MANAGEMENT

a) The Group's capital management objectives are:
- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the consolidated financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Debt (includes non-current borrowings, current borrowings, current maturities of finance lease obligations and current maturities of long term debt)	98,317.7	84,967.6	89,722.1
Less: cash and cash equivalents	86,628.0	80,751.4	72,645.9
Net debt	11,689.7	4,216.2	17,076.2
Total equity	404,305.3	370,677.3	308,926.4
Net debt to total equity ratio	2.9%	1.1%	5.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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b) Dividend on Equity shares paid during the year

₹ in Million

	March 31, 2017	March 31, 2016
Dividend on equity shares		
Final dividend for the year ended March 31, 2016 of ₹ 1.0 (Previous year for year ended March 31, 2015: ₹ 3.0) per fully paid share	2,406.8	7,219.5
Dividend distribution tax on above	490.0	1469.7
Dividends not recognised at the end of the reporting period		
The Board of Directors at its meeting held on May 26, 2017 have recommended payment of final dividend of ₹ 3.5 per share of face value of ₹ 1 each for the year ended March 31, 2017. The same amounts to ₹ 8,397.6 Million.		
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

Note 47

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Group grants credit terms in the normal course of business.

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Trade receivables

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Financial assets for which loss allowances is measured using the expected credit loss			
Trade receivables			
less than 180 days	69,889.0	65,351.3	48,763.9
180 - 365 days	1,729.0	1,671.5	1,204.2
beyond 365 days	2,518.0	2,689.5	2,355.0
Total	**74,136.0**	**69,712.3**	**52,323.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Movement in the expected credit loss allowance on Trade receivables		
Balance at the beginning of the year	1,955.7	1,395.6
Addition	318.1	1,528.3
Recoveries	(163.9)	(968.2)
Balance at the end of the year	**2,109.9**	**1,955.7**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The Group had unutilised credit limit/undrawn borrowing facilities from banks of ₹ 62,162.2 Million as on March 31, 2017, ₹ 32,401.2 Million as on March 31, 2016, ₹ 33,533.8 Million as on April 01, 2015.

The table below provides details regarding the contractual maturities of undiscounted significant financial liabilities as at March 31, 2017:

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	Total As at March 31, 2017
Non derivative				
Borrowings	84,178.8	12,881.4	1,482.4	98,542.6
Trade payables	43,953.9	-	-	43,953.9
Other financial liabilities	4,464.6	1,048.0	-	5,512.6
	132,597.3	**13,929.4**	**1,482.4**	**148,009.1**
Derivatives	**244.0**	-	-	**244.0**

The table below provides details regarding the contractual maturities of undiscounted significant financial liabilities as at March 31, 2016:

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	Total As at March 31, 2016
Non derivative				
Borrowings	53,891.0	29,527.0	1,613.7	85,031.7
Trade payables	35,829.2	-	-	35,829.2
Other financial liabilities	4,853.8	1,842.2	-	6,696.0
	94,574.0	**31,369.2**	**1,613.7**	**127,556.9**
Derivative	**216.1**	-	-	**216.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

The table below provides details regarding the contractual maturities of undiscounted significant financial liabilities as at April 01, 2015:

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	Total As at April 01, 2015
Non derivative				
Borrowings	76,314.0	12,588.9	1,058.4	89,961.3
Trade payables	32,430.3	10.2	-	32,440.5
Other financial liabilities	4,817.1	1,563.2	-	6,380.3
	113,561.4	**14,162.3**	**1,058.4**	**128,782.1**
Derivatives	**5,322.6**	**253.5**	**-**	**5,576.1**

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign exchange risk

The Group's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollar, Euro, South African Rand and Russian Rouble) and foreign currency borrowings (primarily in US Dollar). As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Group's revenues and expenses measured in Indian Rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, option contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

a) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents, borrowings and trade payables

₹ in Million

	As at March 31, 2017					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Trade receivables	12,797.0	1,994.9	1,727.1	5,034.1	8.3	21,561.4
Cash and cash equivalents	1,135.6	822.8	352.3	-	449.2	2,759.9
	13,932.6	**2,817.7**	**2,079.4**	**5,034.1**	**457.5**	**24,321.3**
Borrowings	38,296.9	-	-	-	-	38,296.9
Trade payables	4,990.1	1,386.1	0.3	161.4	298.1	6,836.0
	43,287.0	**1,386.1**	**0.3**	**161.4**	**298.1**	**45,132.9**

₹ in Million

	As at March 31, 2016					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Trade receivables	12,033.9	2,063.9	1,191.0	2,086.9	-	17,375.7
Cash and cash equivalents	1,256.2	883.1	26.0	-	-	2,165.3
	13,290.1	**2,947.0**	**1,217.0**	**2,086.9**	-	**19,541.0**
Borrowings	49,030.4	-	-	-	-	49,030.4
Trade payables	4,235.9	1,592.0	3.0	161.6	4.9	5,997.4
	53,266.3	**1,592.0**	**3.0**	**161.6**	**4.9**	**55,027.8**

₹ in Million

	As at April 01, 2015					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Trade receivables	10,937.2	1,350.8	1,237.5	362.5	7.4	13,895.4
Cash and cash equivalents	450.5	617.8	258.3	0.1	-	1,326.7
	11,387.7	**1,968.6**	**1,495.8**	**362.6**	**7.4**	**15,222.1**
Borrowings	47,149.6	-	-	-	-	47,149.6
Trade payables	2,233.4	2,041.2	69.2	1.0	3.0	4,347.8
	49,383.0	**2,041.2**	**69.2**	**1.0**	**3.0**	**51,497.4**

b) Sensitivity

For the years ended March 31, 2017, March 31, 2016 and April 01, 2015, every 5% strengthening in the exchange rate between the Indian Rupee and the respective major currencies for the above mentioned financial assets/liabilities would increase Group's profit and equity by approximately ₹ 1,054.5 Million, ₹ 1,774.3 Million and ₹ 1,813.8 Million respectively. A 5% weakening of the Indian Rupee and the respective major currencies would lead to an equal but opposite effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c) Derivative contracts

The Group is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily in US Dollar, Euro, South African Rand and Russian Rouble, and foreign currency debt in primarily in US Dollar. The Group uses foreign currency forward contracts, foreign currency option contracts and currency swap contracts (collectively, "derivatives") to mitigate its risk of changes in foreign currency exchange rates. The counterparty for these contracts is generally a bank or a financial institution.

Hedges of highly probable forecasted transactions

The Group designates its derivative contracts that hedge foreign exchange risk associated with its highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the consolidated statement of profit and loss.

In respect of the aforesaid hedges of highly probable forecasted transactions, the Group has recorded a loss of ₹ 46.2 Million for year ended March 31, 2017 and ₹ Nil for year ended March 31, 2016 in other comprehensive income. The Group also recorded as

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a component of revenue, loss of ₹ 559.7 Million for year ended March 31, 2017 and ₹ Nil for year ended March 31, 2016 due to occurrence of forecasted sale transaction.

Changes in the fair value of forward contracts and option contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in consolidated statement of the profit and loss account. The changes in fair value of the forward contracts and option contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognised in consolidated statement of the profit and loss.

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts:

Amount in Million

	Currency	Buy / Sell	Cross Currency	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Derivatives designated as hedges						
Forward contracts	ZAR	Sell	USD	USD 22.0	-	-
Forward contracts	USD	Buy	JPY	USD 19.5	-	-
Derivatives not designated as hedges						
Forward contracts	USD	Sell	INR	-	USD 140.0	USD 350.0
Forward contracts	USD	Buy	INR	USD 22.5	USD 14.0	USD 170.0
Forward contracts	AUD	Sell	USD	USD 1.3	-	-
Forward contracts	RUB	Sell	USD	USD 12.0	-	-
Currency cum interest rate swaps	USD	Buy	INR	USD 50.0	USD 50.0	USD 100.0
Currency options	USD	Buy	INR	USD 100.0	USD 100.0	USD 100.0
Currency options*	USD	Sell	INR	-	USD 1.0	USD 71.0
Interest rate swaps	USD	Buy	INR	USD 150.0	USD 40.0	-
Interest rate swaps	USD	Sell	USD	-	-	USD 6.7
Forward contracts	PLN	Sell	RON	-	-	PLN 1.7
Forward contracts	RUB	Sell	RON	-	-	RUB 62.6
Currency swaps	USD	Buy	INR	-	-	USD 30.0
Forward contracts	USD	Sell	NIS	USD 0.7	-	USD 26.1
Forward contracts	USD	Sell	CAD	USD 2.1	-	USD 24.9
Forward contracts	ZAR	Sell	INR	-	-	ZAR 42.5
Forward contracts	USD	Sell	HUF	USD 5.9	-	-

* Structured options @ 2 to 2.5 times

Interest rate risk

The Group has loan facilities on floating interest rate, which exposes the Group to risk of changes in interest rates. The Parent Company's Treasury Department monitors the interest rate movement and manages the interest rate risk by evaluating interest rate swaps etc. based on the market / risk perception.

For the year ended March 31, 2017 and March 31, 2016, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would increase the Group's profit before tax by approximately ₹ 196.2 Million and ₹ 257.8 Million respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Group's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Group's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2017, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

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Note 48

GOODWILL (NET):

Goodwill acquired in business combination is allocated, at acquisition, to the Cash Generating Units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

(i) Goodwill in respect of:

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Sun Pharmaceutical Industries, Inc.	23,273.5	23,729.6	22,683.2
Sun Farmaceutica do Brasil Ltda.	425.3	430.4	427.4
Sun Pharma Japan Ltd.	119.0	119.8	127.2
Taro Pharmaceutical Industries Ltd.	12,295.6	12,556.5	11,849.6
Ranbaxy Pharmaceutical Proprietary Limited	-	-	1,331.4
S.C Terapia S.A.	17,295.8	17,699.3	16,681.1
Ranbaxy Ireland Limited	-	-	117.0
Ranbaxy Farmaceutica Ltda.	358.9	366.6	345.9
Basics GmbH	311.9	338.7	301.1
Ranbaxy Pharmaceuticals, Inc.	290.0	296.5	281.3
Insite Vision Incorporated	435.3	445.0	-
Ranbaxy Italia S.p.A	-	-	239.3
Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	1,208.0	1,208.0	1,208.0
Ranbaxy South Africa Proprietary Limited	3.4	3.1	3.5
JSC Biosintez	112.6	-	-
Sun Pharmaceuticals Medicare Limited	1.0	-	-
Gufic Pharma Limited	469.4	469.4	469.4
Total (A)	**56,599.7**	**57,662.9**	**56,065.4**
Less:			
Capital Reserve in respect of :			
Alkaloida Chemical Company Zrt.	1,152.5	1,229.2	1,149.5
Ranbaxy Nigeria Limited	1.4	1.5	1.4
Ranbaxy Drugs Limited	27.5	27.5	27.5
Ranbaxy Malaysia Sdn. Bhd.	56.1	57.3	41.0
Total (B)	**1,237.5**	**1,315.5**	**1,219.5**
Total (A-B)	**55,362.2**	**56,347.4**	**54,845.9**

(ii) Below is the reconciliation of the carrying amount of goodwill:

₹ in Million

	As at March 31, 2017	As at March 31, 2016
Opening balance	56,347.4	54,845.9
Add: Due to acquisitions during the year	113.6	688.7
Less: Impairment/write off (Refer note 62)	-	(1,942.3)
Add/ (Less): Foreign currency translation difference	(1,098.8)	2,755.1
Closing balance	**55,362.2**	**56,347.4**

The carrying amount of goodwill are stated above. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The cash flow projections included estimates for five years developed using internal forecasts and terminal growth rate thereafter. The planning horizon reflects the assumptions for short to mid-term market developments. The average growth rate used in extrapolating cash flows beyond the planning period ranged from 1% to 2% for the year ended March 31, 2017, March 31, 2016 and April 01, 2015. Discount rate

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reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated on the weighted average cost of capital for respective CGU or group of CGUs. Discount rate used ranged from 4% to 11.9% for the year ended March 31, 2017, March 31, 2016 and April 01, 2015. The management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. However, based on the impairment assessment, the Management has determined that in respect of certain subsidiaries, an impairment loss considering the above criteria/ factors aggregating to ₹ Nil (March 31, 2016: ₹ 1,942.3 Million) in the value of goodwill has been recognised.

Note 49

RELATED PARTY DISCLOSURES (IND AS-24) AS PER ANNEXURE 'B'

Note 50

INCOME TAXES

Tax Reconciliation

₹ in Million

Reconciliation of tax expense	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax	90,478.7	65,706.3
Enacted income tax rate in India (%)	34.608%	34.608%
Income tax expense calculated at enacted corporate tax rate	31,312.9	22,739.6
Effect of income that is exempt from tax	(8,605.7)	(6,395.7)
Effect of expenses that are not deductible in determining taxable profit	152.3	448.2
Incremental deduction allowed on account of research and development costs	(4,927.9)	(4,901.0)
Investment allowance deduction	(295.1)	(265.1)
Effect of income which is taxed at special rates	25.1	54.5
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	5,193.2	5,164.4
Effect of difference between Indian and foreign tax rates and non taxable subsidiaries	(12,658.7)	(9,608.1)
Effect of deferred tax expense on undistributed profits	415.3	415.3
Tax payable under MAT	2,100.0	-
Others	(595.7)	1,485.6
Income tax expense recognised in consolidated statement of profit and loss	**12,115.7**	**9,137.7**

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Note 51

DEFERRED TAX

i) DEFERRED TAX ASSETS (Net)

₹ in Million

	Opening balance April 01, 2015	Movement during the Year *	Closing balance March 31, 2016
Deferred Tax Asset			
Expenses claimed for tax purpose on payment basis	9,756.7	3,086.8	12,843.5
Unabsorbed depreciation/carry forward losses	4,019.2	389.3	4,408.5
Inventory and other related items	5,327.6	814.8	6,142.4
Intangible assets	3,282.9	(328.2)	2,954.7
Others	1,263.3	299.0	1,562.3
	23,649.7	**4,261.7**	**27,911.4**
MAT Credit Entitlement	7,517.0	-	7,517.0
	31,166.7	**4,261.7**	**35,428.4**
Less : Deferred Tax Liabilities			
Difference between written down value of property plant and equipment and capital work-in-progress as per books of accounts and income tax	3,299.9	(53.3)	3,246.6
Others	694.7	(2.8)	691.9
	3,994.6	(56.1)	3,938.5
	27,172.1	**4,317.8**	**31,489.9**

DEFERRED TAX ASSETS (Net)

₹ in Million

	Opening balance April 01, 2016	Movement during the Year *	Closing balance March 31, 2017
Deferred Tax Assets			
Expenses claimed for tax purpose on payment basis	12,843.5	(4,851.9)	7,991.6
Unabsorbed depreciation / carried forward losses	4,408.5	1,623.0	6,031.5
Inventory and other related items	6,142.4	(2,572.8)	3,569.6
Intangible assets	2,954.7	(103.7)	2,851.0
Others	1,562.3	(110.1)	1,452.2
	27,911.4	**(6,015.5)**	**21,895.9**
MAT Credit Entitlement	7,517.0	-	7,517.0
	35,428.4	**(6,015.5)**	**29,412.9**
Less : Deferred Tax Liabilities			
Difference between written down value of property plant and equipment and capital work-in-progress as per books of accounts and income tax	3,246.6	1,060.3	4,306.9
Others	691.9	(514.1)	177.8
	3,938.5	**546.2**	**4,484.7**
	31,489.9	**(6,561.7)**	**24,928.2**

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ii) DEFERRED TAX LIABILITIES (Net)

₹ in Million

	Opening balance April 01, 2015	Movement during the Year*	Closing balance March 31, 2016
Deferred Tax Liabilities			
Difference between written down value of property plant and equipment and capital work-in-progress as per books of accounts and income tax and others	814.8	(27.7)	787.1
Undistributed profits	-	415.3	415.3
	814.8	**387.6**	**1,202.4**
Less : Deferred Tax Assets			
Expenses claimed for tax purpose on payment basis	62.5	64.0	126.5
Others	0.9	47.3	48.2
	63.4	**111.3**	**174.7**
	751.4	**276.3**	**1,027.7**

DEFERRED TAX LIABILITIES (Net)

₹ in Million

	Opening balance April 01, 2016	Movement during the Year*	Closing balance March 31, 2017
Deferred Tax Liabilities			
Difference between written down value of property plant and equipment and capital work-in-progress as per books of accounts and income tax and others	787.1	2,891.6	3,678.7
Undistributed profits	415.3	(415.3)	-
	1,202.4	**2,476.3**	**3,678.7**
Less : Deferred Tax Assets			
Expenses claimed for tax purpose on payment basis	126.5	342.9	469.4
Others	48.2	13.2	61.4
	174.7	**356.1**	**530.8**
	1,027.7	**2,120.2**	**3,147.9**

* Movement during the year includes foreign currency translation difference amounting to ₹ 1,182.9 Million (gain) and ₹ 669.2 Million (loss) for the year ended March 31, 2016 and March 31, 2017 respectively and deferred tax on remeasurements of defined benefit plans amounting to ₹ 42.2 Million and ₹ 98.8 Million for the year ended March 31, 2016 and March 31, 2017 respectively, recognised in OCI.

iii) Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Tax losses	81,776.7	71,500.9	56,604.9
Unabsorbed depreciation	24,900.1	19,897.1	15,259.9
Unused tax credits (including MAT credit entitlement)	8,178.9	6,853.5	6,639.0
Deductible temporary differences	25,892.5	28,057.5	27,089.5
	140,748.2	**126,309.0**	**105,593.3**

The unused tax credits will expire from financial year 2017-18 to financial year 2023-24 and unused tax losses expiry ranges from financial year 2017-18 to 2032-33. In case of certain overseas subsidiaries which have tax losses and unused tax credits, the amount is not material and there is no expiry period for tax losses and unused tax credits.

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FOR THE YEAR ENDED MARCH 31, 2017

Note 52

EARNINGS PER SHARE

	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the year (₹ in Million) - used as numerator for calculating earnings per share	69,643.7	45,457.1
Weighted Average number of shares used in computing basic earnings per share	2,403,319,673	2,406,379,179
Add: Dilution effect of employee stock options	203,455	1,059,730
Weighted average number of shares used in computing diluted earnings per share	**2,403,523,128**	**2,407,438,909**
Nominal value per share (in ₹)	1	1
Basic Earnings Per Share (in ₹)	29.0	18.9
Diluted Earnings Per Share (in ₹)	**29.0**	**18.9**

Note 53

SEGMENT REPORTING

The Chief Operating Decision Maker ('CODM') evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group's reportable segments are as follows:

1. India
2. United States
3. Emerging Markets
4. Rest of the World

The reportable segments derives their revenues from the sale of pharmaceuticals products (generics, speciality, API, etc.) . The CODM reviews revenue as the performance indicator. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Revenue by Geography		
India	80,610.1	77,844.6
United States of America	138,823.6	136,724.7
Emerging markets	49,074.2	39,075.5
Rest of world	34,134.4	25,235.9
	302,642.3	**278,880.7**

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

Concentration of Revenues from two customers of the Group were 35.7% and 30.9% of total revenue for the year ended March 31, 2017 and March 31, 2016 respectively.

Note 54

Other intangible assets consisting of trademarks, designs, technical knowhow, licences, non-compete fees and other intangible assets are stated at cost of acquisition based on their agreements. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Note 55

LEASES

(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 periods range between 11 months to 10 years under leave and license / 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 10 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. These refundable security deposits have been valued at amortised cost under relevant Ind AS.

(c) Lease receipts/payments are recognised in the consolidated statement of profit and loss under “Lease Rental and Hire Charges” and “Rent” in Note 32 and Note 37.

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
(d) Operating lease		
(i) Group as lessee		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	386.2	596.3
later than one year and not later than five years	648.1	840.1
later than five years	203.3	209.2
(ii) Group as lessor		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	133.5	28.0
later than one year and not later than five years	532.9	107.9
later than five years	58.3	67.6
(e) Finance lease		
(i) Group as lessee		
The future minimum lease payments under non-cancellable finance lease		
not later than one year	134.5	134.6
later than one year and not later than five years	433.2	569.5
later than five years	494.6	654.5
Less: Unearned Finance Charges	360.3	610.1
Present value of minimum lease payments payable		
not later than one year	39.5	32.7
later than one year and not later than five years	265.4	223.7
later than five years	397.1	492.1
(ii) Group as lessor		
The future minimum lease payments under non-cancellable finance lease		
not later than one year	-	46.8
later than one year and not later than five years	-	165.8
later than five years	-	716.2
Less: Unearned Finance Income	-	539.5
Present value of minimum lease payments receivable		
not later than one year	-	10.6
later than one year and not later than five years	-	28.3
later than five years	-	350.4

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Note 56

EMPLOYEE BENEFITS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employee State Insurance Corporation (ESIC) and other Funds which covers all regular employees of the parent and Indian subsidiaries. While both the employees and parent and Indian subsidiaries make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other statutory funds are made only by the parent and Indian subsidiaries. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 773.2 Million (Previous Year ₹ 730.0 Million).

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Contribution to Provident Fund and Family Pension Fund	668.8	613.3
Contribution to Superannuation Fund	74.9	90.3
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	29.3	26.3
Contribution to Labour Welfare Fund	**0.2**	**0.1**

The Parent and Indian subsidiaries has an obligation towards provident fund with respect to certain employees upto March 31, 2015 which was recognised as defined benefit plan. From the previous year the contribution for the same is made to RPF and the Parent and Indian subsidiaries does not have any obligation apart from such contribution. Accordingly, from previous year, the provident fund is recognised as defined contribution plan.

Defined benefit plan

a) Gratuity

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Parent and Indian subsidiaries reviews the level of funding in gratuity fund. The Parent and Indian subsidiaries decides its contribution based on the results of its annual review. The Parent and Indian subsidiaries aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

b) Pension fund

The Parent and Indian subsidiaries has an obligation towards pension, a defined benefit retirement plan, with respect to certain employees, who had already retired before March 01, 2013, will continue to receive the pension as per the pension plan.

These plans typically expose the Parent and Indian subsidiaries to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

i) Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. However, the risk is partially mitigated by investment in LIC managed fund.

ii) Interest rate risk - A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

iii) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

iv) Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Other long term benefit plan

Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per the Parent and Indian subsidiaries rules with corresponding charge to the Consolidated Statement of Profit and Loss amounting to ₹ 499.3 Million (Previous Year ₹ 465.2 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined as at the year end using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in other comprehensive income whereas gains and losses in respect of other long term employee benefit plans are recognised in the consolidated statement of profit and loss.

₹ in Million

	Year ended March 31, 2017			Year ended March 31, 2016		
	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)
Expense recognised in the consolidated statement of profit and loss (Refer note 35)						
Current service cost	-	-	242.4	-	-	211.4
Interest cost	70.2	592.6	204.5	76.6	347.6	168.3
Expected return on plan assets	-	(598.5)	(160.9)	-	(385.5)	(146.5)
Recognition of unrecognised liabilities of earlier years	-	-	-	-	3.7	-
Excess of planned assets over commitments not recognised in Financial statements	-	5.9	-	-	34.2	-
Expense charged to the consolidated statement of profit and loss	70.2	-	286.0	76.6	-	233.2
Remeasurement of defined benefit obligation recognised in other comprehensive income						
Actuarial loss / (gain) on defined benefit obligation	56.2	-	726.4	(39.7)	-	439.6
Return on plan assets	-	-	(18.0)	-	-	(11.3)
Expense/(income) charged to other comprehensive income	56.2	-	708.4	(39.7)	-	428.3
Reconciliation of defined-benefit obligations						
Obligations as at the beginning of the year	930.7	4,598.6	2,708.4	981.8	4,810.2	2,142.1
Current service cost	-	-	242.4	-	-	211.4
Interest cost	70.2	592.6	204.5	76.6	347.6	168.3
Liability transferred in/ Acquisitions	-	-	17.4	-	-	-
Obligations transferred	-	1.8	-	-	28.9	-
Benefits paid	(87.6)	(507.6)	(227.2)	(88.0)	(588.1)	(253.0)
Obligation transferred to regional provident fund, net of accumulated unrecognised gains	-	(4,685.4)	-	-	-	-
Actuarial (Gains)/Losses on obligations						
due to change in demographic assumptions	-	-	16.4	-	-	(14.6)
due to change in financial assumptions	54.5	-	623.3	31.0	-	299.3
due to experience	1.7	-	86.7	(70.7)	-	154.9
Obligation as at the year end	969.5	-	3,671.9	930.7	4,598.6	2,708.4

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₹ in Million

	March 31, 2017		March 31, 2016	
	Provident Fund (Funded)	Gratuity (Funded)	Provident Fund (Funded)	Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the consolidated balance sheet				
Present value of commitments (as per Actuarial Valuation)	-	3,671.9	4,598.6	2,708.4
Fair value of plan assets	-	(2,348.7)	(4,632.8)	(2,131.2)
Excess of planned assets over commitments not recognised	-	-	(34.2)	-
Net liability recognised in the consolidated balance sheet	-	**1,323.2**	-	**577.2**
Reconciliation of plan assets				
Plan assets as at the beginning of the year	4,632.8	2,131.2	4,806.5	1,867.6
Expected return	598.5	160.9	385.5	146.5
Assets transferred in/ Acquisitions	-	17.4	-	-
Plan assets transferred	1.8	-	28.9	-
Actuarial gain	-	18.0	-	11.3
Employer's Contribution during the year	-	248.4	-	358.8
Employees' Contributions during the year	-	-	-	-
Benefits paid	(507.6)	(227.2)	(588.1)	(253.0)
Funds transferred to regional provident fund	(4,725.5)	-	-	-
Plan assets as at the year end	-	**2,348.7**	**4,632.8**	**2,131.2**

	Year ended March 31, 2017		Year ended March 31, 2016		
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)	Provident Fund (Funded)*
Discount rate	6.81%	In range of 6.81% to 7.74%	7.54%	In range of 7.54% to 7.56%	7.54%
Expected return on plan assets	N.A.	In range of 6.81% to 7.74%	N.A.	In range of 7.54% to 7.56%	8.80%
Expected rate of salary increase	N.A.	In range of 7.00% to 14.50%	N.A.	10.00%	N.A.
Interest rate guarantee	N.A.	N.A.	N.A.	N.A.	8.80%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Morality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal	N.A.	In range of 1.00% to 13.50%	N.A.	8.00%	15% - 18%
Retirement Age (years)	N.A.	58 to 60	N.A.	58 to 60	60

* During the year, the Provident fund balance which was managed by Parent has been transferred to Regional Provident Fund authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

	Year ended March 31, 2017		Year ended March 31, 2016	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity Analysis:				
Impact on defined benefit obligation	-	796.9	-	539.4
Delta effect of +1% change in discount rate	(73.2)	(226.5)	(67.6)	(147.5)
Delta effect of -1% change in discount rate	86.0	257.8	79.0	167.4
Delta effect of +1% change in salary escalation rate	-	237.5	-	161.9
Delta effect of -1% change in salary escalation rate	-	(214.1)	-	(145.6)
Delta effect of +1% change in rate of employee turnover	-	(98.2)	-	(27.6)
Delta effect of -1% change in rate of employee turnover	-	110.7	-	30.7
Maturity analysis of projected benefit obligation				
31-Mar-18	87.4	466.6	101.9	415.5
31-Mar-19	100.4	320.2	118.1	252.4
31-Mar-20	115.3	353.9	137.0	267.4
31-Mar-21	132.5	352.3	158.8	290.9
31-Mar-22	152.1	353.2	184.1	305.9
Thereafter	174.8	1,601.0	213.4	1,527.0
The major categories of plan assets are as under:				
Central government securities	-	20.9	-	25.9
Bonds and securities of public sector / financial institutions	-	69.3	-	156.3
Insurer managed funds (Funded with LIC, break-up not available)	-	2,236.3	-	1,940.4
Surplus fund lying uninvested	-	22.2	-	8.6

The contribution expected to be made by the Parent and Indian subsidiaries for gratuity, during financial year ending March 31, 2018 is ₹ 483.1 Million (Previous year ₹ 413.0 Million).

Note 57

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.

Note 58

EMPLOYEE SHARE-BASED PAYMENT PLANS

a) Erstwhile Ranbaxy Laboratories Limited (RLL) had Employee Stock Option Schemes ("ESOSs") namely, Employees Stock Option Scheme -II (ESOS-II), Employees Stock Option Scheme 2005 (ESOS 2005) and Employees Stock Option Plan 2011 (ESOP 2011) for the grant of stock options to the eligible employees and Directors of the Erstwhile RLL and its subsidiaries. ESOS-II had been discontinued from January 17, 2015. The ESOSs is administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

ESOS 2005 provided that the grant price of options would be the latest available closing price on the stock exchange on which the shares of the erstwhile RLL were listed, prior to the date of the meeting of the Committee in which the options were granted. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered. The options vested evenly over a period of five years from the date of grant. Options lapse, if they are not exercised prior to the expiry date, which was ten years from the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

ESOP 2011 provided that the grant price of options would be the face value of the equity share i.e. ₹ 5 per share. The options vested evenly over a period of three years from the date of grant. Options lapse, if they were not exercised prior to the expiry date, which was three months from the date of the vesting. An ESOP Trust had been formed to administer ESOP 2011. Shares issued to the ESOP Trust were allocated to the eligible employees upon exercise of stock options from time to time.

The Shareholders' Committee of erstwhile RLL had approved issuance of options under the ESOS's as per details given below:

Date of approval	Scheme	Original No. of options approved
June 25, 2003	ESOS-II	4,000,000
June 30, 2005	ESOS 2005	4,000,000
May 9, 2011	ESOP 2011	3,000,000

In accordance with the above approval of issuance of options, stock options have been granted from time to time.

The stock options outstanding as on June 30, 2005 are proportionately adjusted in view of the sub-division of equity shares of the Erstwhile RLL from the face value of ₹ 10 each into 2 equity shares of ₹ 5 each.

Pursuant to the Scheme of Amalgamation, Sun Pharmaceutical Industries Limited ('transferee company') formulated two Employee Stock Option Schemes, namely, (i) SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) to administer ESOS 2005 (ii) SUN Employee Stock Option Plan-2015 (SUN-ESOP 2015) to administer ESOP 2011. These scheme provide that the number of transferee options issued shall equal to the product of number of transferor options outstanding on effectiveness of Scheme multiplied by the Share exchange ratio (0.80) and each transferee option shall have an exercise price per equity share equal to transferor option exercise price per equity shares divided by the share exchange ratio (0.80) and fractions rounded off to the next higher whole number. The terms and conditions of ESOS, of transferee company are not less favourable than those of ESOSs of erstwhile RLL. No new grants shall be made under these schemes and these schemes shall operate only for the purpose of administering the exercise of options already granted / vested on an employee pursuant to SUN-ESOS 2015 and SUN-ESOP 2015.

The movement of the options (post split) granted under SUN-ESOS 2015

	March 31, 2017			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	610,739	270.0-703.0	480.9	2.5
Exercised during the year $	(62,682)	270.0-562.5	500.1	-
Lapsed during the year	(146,379)	270.0-562.5	521.7	-
Outstanding at the end of the year *	401,678	270.0-562.5	462.9	1.9
Exercisable at the end of the year *	401,678	270.0-562.5	462.9	1.9

* Includes options exercised, pending allotment
$ Weighted average share price on the date of exercise ₹ 690.23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

The movement of the options (post split) granted under SUN-ESOS 2015

	March 31, 2016			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year				
Number of options – post-merger of Erstwhile RLL with the transferee company	1,169,545	270.0-703.0	496.0	3.3
No. of options on Account of rounding off of the fraction to the next higher whole number as per the merger Scheme	41	270.0-703.0	496.0	3.3
Total Number of options outstanding	1,169,586	270.0-703.0	496.0	3.3
Exercised during the year $	(447,825)	270.0-703.0	518.9	-
Lapsed during the year	(111,022)	270.0-703.0	479.9	-
Outstanding at the end of the year *	610,739	270.0-703.0	480.9	2.5
Exercisable at the end of the year *	610,739	270.0-703.0	480.9	-

* Includes options exercised, pending allotment

$ Weighted average share price on the date of exercise ₹ 823.63

The movement of the options (post split) granted under SUN-ESOP 2015 for the current year is given below:

	March 31, 2017			
	Stock options (numbers)	Exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	169,913	6.3	6.3	1.1
Forfeited during the year	(11,179)	6.3	6.3	-
Exercised during the year#	(93,015)	6.3	6.3	-
Lapsed during the year	(13,435)	6.3	6.3	-
Outstanding, end of the year *	52,284	6.3	6.3	0.4
Exercisable at the end of the year *	941	6.3	6.3	-

* Includes options exercised, pending allotment

Weighted average share price on the date of exercise ₹ 802.00

	March 31, 2016			
	Stock options (numbers)	Exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year				
Number of options – post-merger of Erstwhile RLL with the transferee company	449,430	6.3	6.3	1.7
No. of options on Account of rounding off of the fraction to the next higher whole number as per the merger Scheme	1,368	6.3	6.3	0.9
No of options of certain overseas employees	4,968	6.3	6.3	0.9
Total Number of options outstanding	**455,766**	**6.3**	6.3	**0.9**
Forfeited during the year	(43,326)	6.3	6.3	-
Exercised during the year # ^	(224,201)	6.3	6.3	-
Lapsed during the year	(18,326)	6.3	6.3	-
Outstanding, end of the year	**169,913**	**6.3**	6.3	**1.1**
Exercisable at the end of the year $	40,259	6.3	6.3	0.2

$ Include options exercised, pending allotment.

Shares allotted by the ESOP Trust against the options exercised including 1,066 shares equivalent to 1,333 shares issued by Erstwhile RLL prior to April 10, 2015.

^ Weighted average share price on the date of exercise ₹ 848.68.

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During the current year, the Parent Company has recorded a Stock-based employee compensation expense of ₹ 32.3 Million (Previous Year ₹ 98.8 Million). The amount has been determined under a fair value method wherein the grant date fair value of the options was calculated by using Black Scholes pricing model.

The following table summarizes the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2015: @@

Particulars	Year ended March 31, 2015
Grant Date	May 08, 2014
Dividend yield	0.43%
Expected life of options from the date(s) of grant	1.25, 2.25 and 3.25 years
Risk free interest rate	8.57% (1.25 years)
	8.65% (2.25 years)
	8.71% (3.25 years)
Expected volatility	40.47%
Grant date fair value	₹ 462.39 (1.25 years)
	₹ 460.79 (2.25 years)
	₹ 459.16 (3.25 years)

@@ Assumptions used are as applicable at the date of grant in the context of erstwhile RLL.

The Black –Scholes option-pricing model was developed for estimating fair value of trade options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materiality affect fair value of the options. The options pricing models do not necessary provide a reliable measurable of fair value of options. The volatility in the share price is based on volatility of historical stock price of the erstwhile RLL for last 60 months.

(b) As at March 31, 2017, the Parent Company has received an amount of ₹ 0.0 Million (₹ 7,177) towards share application money towards 1,148 equity shares of the Parent Company. The Parent Company will allot these equity shares during the next financial year. The Parent Company has sufficient authorised capital to cover the allotment of these shares. Pending allotment of shares, the amounts are maintained in a designated bank account and are not available for use by the Parent Company.

As at March 31, 2016, the Parent Company has received an amount of ₹ 6.7 Million towards share application money towards 13,780 equity shares of the Parent Company [As at April 01, 2015 ₹ 149.0 Million towards 280,474 equity shares (no. of shares post merger)] at a premium of ₹ 6.7 Million (As at April 01 , 2015: ₹ 148.7 Million). The Parent Company has alloted these equity shares during the next financial year. The Parent Company has sufficient authorised capital to cover the allotment of these shares. Pending allotment of shares, the amounts are maintained in a designated bank account and are not available for use by the Parent Company.

Note 59

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹ 96.1 Million (Previous Year ₹ 171.0 Million).

Note 60

The Group does not have any material associates or joint ventures warranting a disclosure in respect of individual associates or joint ventures. The Group's share of other comprehensive income is ₹ Nil (March 31, 2016: ₹ Nil) in respect of such associates and joint ventures. The unrecognised share of loss of ₹ Nil (March 31, 2016: ₹ Nil) in respect of such associates and joint ventures.

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FOR THE YEAR ENDED MARCH 31, 2017

Note 61

In respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, provision has been made, which would be required to settle the obligation. The said provisions are made as per the best estimate of the management and disclosure as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets" has been given below:

₹ in Million

	As at March 31, 2017			As at March 31, 2016		
	Product and Sales related*	Consultancy charges	Total	Product and Sales related *	Consultancy charges	Total
Opening balance	44,707.6	-	44,707.6	42,725.1	1,184.6	43,909.7
Add: Provision for the year	18,905.5	-	18,905.5	11,758.5	-	11,758.5
Add: Unwinding of discount on provisions	437.8	-	437.8	538.0	-	538.0
Less: Utilisation/Settlement	(15,852.3)	-	(15,852.3)	(12,830.2)	(1,184.6)	(14,014.8)
Add/ (Less): Foreign currency translation difference	(1,295.0)	-	(1,295.0)	2,516.2	-	2,516.2
Closing balance	46,903.6	-	46,903.6	44,707.6	-	44,707.6

* Includes provision for Trade commitments, discounts, rebates, price reduction, product returns, medicaids and contingency provision.

Note 62

Exceptional item for previous year represents charge on account of impairment of certain property, plant and equipment and intangible assets and other related costs and write down of the carrying value of goodwill. This charge had arisen on account of the integration and optimisation exercise being carried out for certain manufacturing facilities. The recoverable amount of the said assets is its value in use which is determined for a period of less than one year.

Note 63

a) Since the US-FDA import alert at Karkhadi facility in March 2014, the Company remained fully committed to implement all corrective measures to address the observations made by the US-FDA with the help of third party consultant. Substantial progress has been made at the Karkhadi facility in terms of completing the action items to address the observations made by the US-FDA in its warning letter issued in May 2014. The Company is continuing to work closely and co-operatively with the US-FDA to resolve the matter. The contribution of this facility to Company's revenues is not significant.

b) The US-FDA, on January 23, 2014, had prohibited using API manufactured at Toansa facility for manufacture of finished drug products intended for distribution in the U.S. market. Consequentially, the Toansa manufacturing facility was subject to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In addition, the Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey had also issued an administrative subpoena dated March 13, 2014 seeking information primarily related to Toansa manufacturing facility for which a Form 483 containing findings of the US-FDA was issued in January 2014. The Company is continuing to fully cooperate and is in dialogue with the US DOJ, and continuing to provide requisite information.

c) In December 2015, the US-FDA issued a warning letter to the manufacturing facility at Halol. Subsequently, a re-inspection was carried out by the US-FDA in November 2016. At the conclusion of the inspection, FDA issued a Form 483 with nine observations. The Company has submitted its response documenting the corrective measures to resolve the 483 observations. The Company is providing regular updates to US-FDA on the progress of the corrective actions. The Company is continuing to manufacture and distribute products to the U.S from Halol facility and at the same time working closely and cooperatively with the US-FDA to resolve the matter.

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d) In September 2013, the US-FDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In November 2016, the US-FDA conducted a re-inspection of the Mohali facility post the completion of remediation work at the facility. As a result of this re-inspection, in March 2017, the US-FDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The Mohali facility will continue to remain under consent decree under certain other provisions of the decree for a fixed period of time to demonstrate sustainable cGMP compliance.

Note 64

Remuneration to the Managing Director and the Whole-time Director(s) of the Parent Company for the years ended March 31, 2015, March 31, 2016 and March 31, 2017 are higher by ₹ 49.6 Million, ₹ 29.6 Million and ₹ 44.7 Million respectively than the amounts approved by the Central Government of India (Ministry of Corporate Affairs) on applications made by the Parent Company to approve the maximum remuneration as approved by the members of the Company for the three years ended March 31, 2017, in excess of the limits specified under Schedule V to the Companies Act, 2013, in case of inadequacy of profits. The Parent Company has re-represented to the office of the Ministry of Corporate Affairs (MCA) for approval of remuneration within the overall limits approved by the members of the Parent Company for the years ended March 31, 2015 and March 31, 2016, and that for the year ended March 31, 2017, applications for revision in the remuneration, as approved by the members of the Parent Company, has been made to the MCA. The responses in respect of the foregoing re-representation / applications for revision are awaited from the MCA. On receipt of the requisite approvals, the balance amount of remuneration for the aforesaid years, if any, as per their entitlement, shall be paid to the Managing Director and the Whole-time Director(s), as applicable, and the same shall be given effect to in the year in which the approval is received. Excess remuneration, if any, after final approval in respect of the re-representation/applications for revision is received, shall be refunded by the respective Managing Director and the Whole-time Director(s).

Note 65

The Parent Company completed buy-back of 7,500,000 equity shares of ₹ 1 each (representing 0.31% of total pre buy-back paid up equity capital) on October 18, 2016, from the shareholders on a proportionate basis by way of a tender offer at a price of ₹ 900 per equity share for an aggregate amount of ₹ 6,750.0 Million in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 1998. This buy-back of equity shares was approved by the Board of Directors of the Parent Company at its meeting held on June 23, 2016.

Note 66

Pursuant to the Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 for amalgamation of erstwhile RLL with the Parent Company as sanctioned by the Hon'ble High Court of Gujarat and Hon'ble High Court of Punjab and Haryana on March 24, 2015 (effective date) all the assets, liabilities and reserves of erstwhile RLL were transferred to and vested in the Parent Company with effect from April 01, 2014, the appointed date. Erstwhile RLL along with its subsidiaries and associates was operating as an integrated international pharmaceutical organisation with business encompassing the entire value chain in the production, marketing and distribution of pharmaceutical products. The scheme was accordingly been given effect to in the Consolidated Financial Statements for the year ended March 31, 2015.

On April 10, 2015, in terms of the Scheme of Arrangement 0.8 equity share of ₹ 1 each (Number of Shares 334,956,764 including 186,516 Shares held by ESOP trust) of the Parent Company has been allotted to the shareholders of erstwhile RLL for every 1 share of ₹ 5 each (Number of Shares 418,695,955 including 233,146 shares held by ESOP trust) held by them in the share capital of erstwhile RLL, after cancellation of 6,967,542 shares of erstwhile RLL. These shares were considered for the purpose of calculation of earnings per share appropriately. The net effect of ₹ 982.5 Million being the difference between the amount recorded as share capital, the amount of the share capital of erstwhile RLL and cancellation of shares of erstwhile RLL has been reduced from Reserves.

Note 67

Pursuant to the declaration executed by the Sun Pharma Laboratories Limited (SPLL), a wholly owned subsidiary, in favour of Trumpcard Advisors and Finvest LLP ('Donee') on March 31, 2017, the power

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undertaking of SPLL ('Donor') has been gifted to Trumpcard Advisors and Finvest LLP. Accordingly, on and with effect from the close of business hours on March 31, 2017, all the assets, movable and immovable, tangible and intangible, along with the liabilities pertaining to the power undertaking stand transferred to and vested in Trumpcard Advisors and Finvest LLP as a going concern without consideration. For this purpose, the net book value on gift of power undertaking has been added to the cost of investment of the SPLL in Vintage Power Generation LLP, being the partner of the Donee.

Note 68

DETAILS OF LONG TERM BORROWINGS AND CURRENT MATURITIES OF LONG TERM DEBT AND FINANCE LEASE OBLIGATIONS [INCLUDED UNDER OTHER FINANCIAL LIABILITIES (CURRENT)]

A Secured Term Loan from banks:

(I) Long term loan of ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: USD 5.9 Million - ₹ 368.0 Million) [Included in long term borrowings ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015 ₹ 311.0 Million) and ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 57.0 Million) in current maturities of long term debt] which was repayable by October 2020 has been repaid during the year ended March 31, 2016. The loan was secured by building situated at New York, USA.

(II) Loan of ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015 BRL 0.8 Million - ₹ 16.4 Million) included in long term borrowings ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015 ₹ 16.4 Million) which was repayable by December 2016 has been repaid during the year ended March 31, 2016. The loan was secured by land and factory building situated at Goiania, Brazil.

B Secured Term Loan from Other Parties:

Secured term loan from department of biotechnology of ₹ 108.2 Million (March 31, 2016: ₹ 77.3 Million, April 01, 2015: ₹ 77.3 Million) has been secured by hypothecation of assets and goods of the Parent Company. The loan is repayable in 10 equal half yearly installments commencing from December 26, 2018, last installment is due on June 26, 2023.

C Lease obligations of ₹ 702.0 Million (March 31, 2016: ₹ 748.5 Million, April 01, 2015: ₹ 24.1 Million) [included in non-current borrowing March 31, 2017: ₹ 662.5 Million (March 31, 2016: ₹ 715.8 Million, April 01, 2015: ₹ 2.2 Million) and March 31, 2017: ₹ 39.5 Million (March 31, 2016: ₹ 32.7 Million and April 01, 2015: ₹ 21.9 Million) in current maturities of long term finance lease obligations] repayable by FY 2019-2025 is secured against assets taken on finance lease.

D Unsecured Term Loan from banks:

(i) Loan of USD 17.5 Million equivalent to ₹ 1,134.2 Million (March 31, 2016: USD 18.2 Million equivalent ₹ 1,206.7 Million, April 01, 2015: USD 18.9 Million equivalent ₹ 1,181.6 Million) [Included in non-current borrowing March 31, 2017: ₹ 1,085.2 Million (March 31, 2016: ₹ 1,158.8 Million, April 01, 2015: ₹ 1,138.3 Million) and March 31, 2017: ₹ 49.0 Million (March 31, 2016: ₹ 47.9 Million, April 01, 2015: ₹ 43.3 Million) in current maturities of long term debt], which is repayable in varying amounts by June 2033. The loan is collateralized by substantially all the assets of Pharmalucence Inc.

(ii) External Commercial Borrowings (ECBs) has 6 loans aggregating of USD 256 Million (March 31, 2016: USD 266 Million, April 01, 2015: USD 288 Million) equivalent to ₹ 16,602.9 Million (March 31, 2016: ₹ 17,625.2 Million, April 01, 2015: ₹ 18,001.4 Million) [(included in long term borrowings ₹ 7,523.2 Million (March 31, 2016: ₹ 15,902.4 Million, April 01, 2015: ₹ 11,625.9 Million) and in current maturities of long term debt ₹ 9,079.7 Million (March 31, 2016: ₹ 1,722.8 Million, April 01, 2015: ₹ 6,375.5 Million))]. For the ECB loans outstanding as at March 31, 2017, the terms of repayment for borrowings are as follows:

a) USD Nil (March 31, 2016: USD Nil, April 01, 2015: USD 50 Million) equivalent to ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 3,125.2 Million). The loan was taken on August 12, 2010. The outstanding amount has been repaid during the year ended March 31, 2016.

b) USD Nil (March 31, 2016: USD Nil, April 01, 2015: USD 30 Million) equivalent to ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 1,875.2 Million). The loan was taken on September 9, 2010. The outstanding amount has been repaid during the year ended March 31, 2016.

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c) USD 10 Million (March 31, 2016: USD 20 Million, April 01, 2015: USD 30 Million) equivalent to ₹ 648.6 Million (March 31, 2016: ₹ 1,325.2 Million, April 01, 2015: ₹ 1,875.2 Million). The loan was taken on June 30, 2011 and is repayable in 3 equal installments of USD 10 Million each at the end of 4th year, 5th year and 6th year. Second installment of USD 10 Million has been repaid in current year and first installment of USD 10 Million was repaid during the year ended March 31, 2016. The last installment is due on June 30, 2017.

d) USD 50 Million (March 31, 2016: USD 50 Million, April 01, 2015: USD 50 Million) equivalent to ₹ 3,242.8 Million (March 31, 2016: ₹ 3,313.0 Million, April 01, 2015: ₹ 3,125.2 Million). The loan was taken on September 20, 2012 and is repayable on September 19, 2017.

e) USD 100 Million (March 31, 2016: USD 100 Million, April 01, 2015: USD 100 Million) equivalent to ₹ 6,485.5 Million (March 31, 2016: ₹ 6,626.0 Million, April 01, 2015: ₹ 6,250.5 Million). The loan was taken on June 04, 2013 and is repayable on June 03, 2018.

f) USD Nil (March 31, 2016: USD 16 Million, April 01, 2015: USD 28 Million) equivalent to ₹ Nil (March 31, 2016: ₹ 1,060.2 Million, April 01, 2015: ₹ 1,750.1 Million). Loan of USD 40 Million was taken on March 25, 2011 and was repayable in 3 installments viz., 30% each of the drawn amount at the end of 4th year and 5th year and 40% of the drawn amount at the end of the 6th year. The last installment of USD 16 Million has been repaid in current year. First and Second installment of USD 12 Million each has been repaid in previous years.

g) USD 50 Million (March 31, 2016: USD 50 Million, April 01, 2015: USD Nil) equivalent to ₹ 3,242.8 Million (March 31, 2016: ₹ 3,313.0 Million, April 01, 2015: ₹ Nil) The loan was taken on August 11, 2015 and is repayable on August 11, 2017.

h) USD 30 Million (March 31, 2016: USD 30 Million, April 01, 2015: USD Nil) equivalent to ₹ 1,945.7 Million (March 31, 2016: ₹ 1,987.8 Million, April 01, 2015: ₹ Nil) The loan was taken on September 09, 2015 and is repayable on September 08, 2017.

i) USD 16 Million (March 31, 2016 : USD Nil, April 01, 2015: USD Nil) equivalent to ₹ 1,037.7 Million (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil). The loan was taken on March 24, 2017 and is repayable on March 22, 2019.

(iii) Loan under Foreign Currency Non Resident (FCNR B) Scheme of USD 50.0 Million (March 31, 2016: USD 50 Million, April 01, 2015: USD Nil) equivalent to ₹ 3,242.8 Million (March 31, 2016: ₹ 3,313.0 Million, April 01, 2015: ₹ Nil). The loan was taken on August 19, 2015 and is repayable on August 18, 2017.

E Unsecured Debentures:

₹ 10,000.0 Million (March 31, 2016: ₹ 10,000 Million; April 01, 2015: ₹ Nil) Rated unsecured listed redeemable non-convertible debentures at a coupon rate of 7.94% p.a. were issued by Sun Pharma Laboratories Limited ("SPLL" - the Wholly owned subsidiary) on December 23, 2015. Following are the details:

Particulars	Face Value (₹)	Redemption Amount (₹ in Million)	Date of Redemption
Rated Unsecured Listed Redeemable 5,000 Non-Convertible Debentures Series 2	1,000,000	5,000.0	March 22, 2019
Rated Unsecured Listed Redeemable 5,000 Non-Convertible Debentures Series 1	1,000,000	5,000.0	December 22, 2017

F Unsecured Term Loan from Other Parties:

Unsecured loan from other parties amounting to ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 513.1 Million) of which ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 497.6 Million) was repayable after August 2016 on demand and balance of ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 15.5 Million) was repayable after March 2016 on demand. The above loans has been repaid during the year ended March 31, 2016.

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G Term Loan from banks and Debentures (included under current maturities of long term borrowing):

(i) Redeemable non-convertible debentures of ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 5,000.0 Million) issued on November 23, 2012 for a period of 36 months at a coupon rate of 9.20% p.a. Such debentures were secured by a pari-passu first ranking charge on the Parent Company's specified fixed assets so as to provide a fixed asset cover of 1.25x and were listed on the National Stock Exchange. The loan was taken on November 23, 2012 and has been repaid during the year ended March 31, 2016.

(ii) Unsecured Term Loan of ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 2,500.0 Million) has been repaid during the year ended March 31, 2016.

The Parent Company has not defaulted on repayment of loan and interest payment thereon during the year.

Note 69

DETAILS OF SECURITIES FOR SHORT TERM BORROWINGS ARE AS UNDER:

First charge has been created on a pari-passu basis, by hypothecation of inventories, trade receivables, outstanding money receivables, claims and bills and other receivables (includes under loans and advances and other assets), both present and future.

Note 70

LOANS/ADVANCES DUE FROM AN ASSOCIATE

₹ in Million

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest bearing with specified repayment schedule:			
Zenotech Laboratories Limited, India *			
Considered good	-	-	326.8
Considered doubtful	726.9	663.5	274.0
	726.9	663.5	600.8
Less: Allowance for doubtful loan/interest accrued and due on loan	726.9	663.5	274.0
	-	-	326.8

* includes interest accrued and due on loans amounting to ₹ 214.9 Million (March 31, 2016: ₹ 151.5 Million; April 01, 2015: ₹ 88.8 Million).

Loans have been granted to the above entity for the purpose of its business.

Consequent to the amalgamation of erstwhile RLL into the Parent Company as referred in Note 66, Zenotech Laboratories Limited ('Zenotech') had become an associate of the Parent Company. The erstwhile RLL had granted certain loans to Zenotech which were outstanding and inherited by the Parent Company. The Parent Company has not granted any further loans to Zenotech post effective date of amalgamation i.e. March 24, 2015. The balance of this inherited outstanding loan is ₹ 512.0 Million. The Parent Company is in process of evaluating various options in relation to recovery of the outstanding loans and interest thereon of ₹ 214.9 Million (March 31, 2016: ₹ 151.5 Million, April 01, 2015: ₹ 88.8 Million).

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Note 71

DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED OF THE PARENT COMPANY AND SUBSIDIARIES COMPANIES IN INDIA DURING THE PERIOD FROM NOVEMBER 08, 2016 TO DECEMBER 30, 2016 IS AS FOLLOWS:

All amounts in absolute ₹

Particulars	Specified bank notes*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	2,964,000	5,427,960	8,391,960
Permitted receipts during November 08, 2016 and December 30, 2016	-	14,405,657	14,405,657
Permitted payments during November 08, 2016 and December 30, 2016	(280,500)	(12,794,823)	(13,075,323)
Amount deposited in banks	(2,683,500)	-	(2,683,500)
Closing cash in hand as on December 30, 2016	-	**7,038,794**	**7,038,794**

* Specified bank notes are currency notes of ₹ 500 and ₹ 1000 discontinued vide notification S.O. 3407(E) dated November 08, 2016.

Note 72

The Group has benefited from active grants from Government of Romania and European Union. These grants were received for building, plant and machinery and laboratory equipment. The grant will be amortised in varying periods based on category of asset and from the date when grant is received. Amortisation period ranges from 2 months to 338 months.

Note 73

Property, plant and equipment consisting of land, building, plant and equipment, furniture and fixtures amounting to ₹ 65.9 Million (March 31, 2016: ₹ 71.9 Million, April 01, 2015: ₹ Nil) in respect of the manufacturing facility in Ireland are held for sale. The management expects disposal of these assets in financial year 2017-2018.

Note 74

DISCLOSURE OF A SUBSIDIARY THAT HAS NON-CONTROLLING INTEREST THAT IS MATERIAL TO THE GROUP

Name of Subsidiary	Principal place of business	Country of incorporation	Nature*	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Taro Pharmaceutical Industries Ltd. and its subsidiaries (TARO Group)	United States of America	Israel	Beneficial ownership	27.19%	31.02%	31.13%
			Voting power	18.13%	20.68%	20.76%

* Held by Non-controlling interest

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₹ in Million

Name of Subsidiary	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests		
	Year ended March 31, 2017	Year ended March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
TARO Group	8,599.9	11,037.8	36,547.7	39,800.3	27,551.9
Individually immaterial subsidiaries with non-controlling interests	218.7	88.2	1,360.9	1,052.2	960.0
Total	**8,818.6**	**11,126.0**	**37,908.6**	**40,852.5**	**28,511.9**

The summarised consolidated financial information of TARO Group before inter-company eliminations:

₹ in Million

Consolidated balance sheet of TARO Group	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non-current assets	34,063.2	27,934.4	24,493.7
Current assets	113,879.1	115,314.4	83,946.8
Non-current liabilities	(277.6)	(256.4)	(556.6)
Current liabilities	(13,248.8)	(14,691.7)	(19,366.3)

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Consolidated Statement of profit and loss of TARO Group		
Total Income	60,748.8	63,350.5
Total Expenses	(23,243.0)	(21,951.6)
Profit after Tax	30,612.9	35,472.4
Total comprehensive income for the year	25,241.9	40,406.9

₹ in Million

	Year ended March 31, 2017	Year ended March 31, 2016
Consolidated cash flows information of TARO Group		
Cash flow from operating activities	29,345.5	25,853.2
Cash flow from investing activities	(7,899.4)	(18,629.9)
Cash flow from financing activities	40,268.8	37,737.2

There has been no dividend paid by TARO during the year ended March 31, 2017 and March 31, 2016.

Note 75

(a) Sun Pharma Global FZE, a subsidiary of the Parent 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 Ind AS 28 - "Investment in Associates & Joint Ventures", the said investment in Enceladus Pharmaceutical B.V. has not been consolidated as an "Associate Entity".

(b) The Parent Company holds 24.91% in the capital of Shimal Research Laboratories Limited. However, as the Parent Company does not have any 'Significant Influence' in Shimal Research Laboratories Limited, as is required under Ind AS 28 - "Investment in Associates & Joint Ventures", the said investment in Shimal Research Laboratories Limited has not been consolidated as an "Associate Entity".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 76

FIRST TIME IND AS ADOPTION RECONCILIATION

i Explanation to transition to Ind AS

Ind AS 101 -"First-time Adoption of Indian Accounting Standards" requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS consolidated financial statements which is for the year ended March 31, 2017 for the Group, be applied retrospectively and consistently for all financial years presented. Except for the Group has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as described below. The Group has recognised all assets and liabilities whose recognition is required by Ind AS and has not recognised items of assets or liabilities which are not permitted by Ind AS, reclassified items from previous GAAP to Ind AS as required under Ind AS and applied Ind AS in measurement of recognised assets and liabilities.

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

ii Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

iii Hedge accounting

At the date of transition to Ind AS, the Group has measured all derivatives at fair value and eliminated all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.

iv Classification and measurement of financial assets

The Group has assessed conditions for classification of the financial assets on the basis of the facts and circumstances that were exist on the date of transition to Ind AS.

v Deemed cost of property, plant and equipment and other intangible assets

On transition to Ind AS, the Parent Company and the Indian subsidiaries have elected to continue with the carrying value of all of its property, plant and equipment and other intangible assets recognised as at April 01, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and other intangible assets.

vi Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVTOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investments in certain equity instruments.

vii Compound financial instruments

Under Ind AS 32, the Group should split compound financial instruments into separate equity and liability components. Ind AS 101 provides that if the liability component is no longer outstanding at the date of transition, a first-time adopter does not have to separate it from the equity component. The Group has elected to apply this exemption for its compound financial instruments.

viii Fair value measurement of financial assets and financial liabilities at initial recognition

The Group has applied the requirements in paragraph B5.1.2A (b) of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. This exemption has been availed by the Group.

ix Non - current assets held for sale and discontinued operations

Ind AS 105 requires that asset classified as non - current as per Ind AS 1 are not reclassified as current assets until they meet criteria to be classified as held for sale. The adopter can opt to either value those assets at carrying amount or fair value less cost of sale at the transition date and record any difference between such amount and carrying value directly to retained earnings. The Group has applied for this exemption.

x Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

xi Share-based payment transactions

As per previous GAAP, the Group had applied the fair value recognition and measurement principles similar to those prescribed

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under Ind AS 102 for all options granted before the Transition Date. Consequently, this exemption was not required to be applied.

xii Non-controlling interests

Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. Ind AS 110 requires the above requirement to be followed prospectively from the date of transition. Consequently, the group has applied the above requirement prospectively.

xiii Cumulative translation differences on foreign operations

The Group has elected the option to reset the cumulative translation differences on foreign operations that exists as of the transition date to zero.

xiv Excise duty

Under the previous GAAP, excise duty was netted off against sale of products. However, under Ind AS, excise duty is included in sale of products and is separately presented as expense in the consolidated statement of profit and loss.

₹ in Million

	Footnote No.	As at March 31, 2016	As at April 01, 2015
Reconciliation of total equity			
Equity as per previous GAAP *		314,042.2	256,231.9
Add / (Less) : Adjustments for GAAP Differences			
Adjustment for proposed dividend (including corporate dividend tax)	a	2,896.8	8,689.2
Effect of measuring derivative instruments at fair value through profit or loss	b	922.5	823.8
Discount / (Unwinding of discount) on provisions	c	885.1	1,382.3
Recognition of intangible assets not eligible for recognition under previous GAAP	d	30.1	-
Provision for expected credit losses	f	(201.2)	(118.8)
Effect of measuring financial instruments at fair value through OCI	g	4,069.3	6,883.5
Effect of measuring investments at fair value through profit or loss	h	72.8	581.6
Retrospective application of Ind AS 21 to goodwill arising in business combinations occurred before the date of transition to Ind AS	i	5,422.3	4,417.4
Tax impact on Ind AS adjustments (including on unrealised intra group profits on inventories)	j	1,518.8	1,387.3
Other Ind AS adjustments		166.1	136.3
Equity as per Ind AS		**329,824.8**	**280,414.5**

* Equity as per previous GAAP includes share capital, share suspense account and reserves and surplus.

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₹ in Million

	Footnote No.	Year ended March 31, 2016
Reconciliation of total comprehensive income		
Profit for the year as per previous GAAP		47,159.1
Add / (Less) : Adjustments for GAAP Differences		
Effect of measuring derivative instruments at fair value through profit or loss	b	98.7
Effect of measuring investments at fair value through profit or loss	h	(508.8)
Discount / (Unwinding of discount) on provisions	c	(497.2)
Remeasurement of defined benefit obligation recognised in OCI under Ind AS	e	389.7
Recognition of intangible assets not eligible for recognition under previous GAAP	d	30.1
Provision for expected credit losses	f	(82.4)
Tax impact on Ind AS adjustments (including on unrealised intra group profits on inventories)	j	131.5
Other Ind AS adjustments	k	(1,263.6)
Profit for the year as per Ind AS - attributable to the owners of the company		45,457.1
Other comprehensive income (net of tax)		12,794.5
Total comprehensive income pertaining to the owners of the company		**58,251.6**

Effect of Ind AS adoption on the statement of cash flow for the year ended March 31, 2016

₹ in Million

	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	67,693.8	(835.2)	66,858.6
Net cash flows from investing activities	(44,549.1)	833.2	(43,715.9)
Net cash flows from financing activities	(19,243.2)	357.9	(18,885.3)
Net increase in cash and cash equivalents	**3,901.5**	**355.9**	**4,257.4**

Net increase in cash and cash equivalents represents:

(i) Movement in cash credit facilities considered as a component of cash and cash equivalents under Ind AS which as per previous GAAP, was considered as financing activity.

(ii) Consideration paid for obtaining control of subsidiaries / business unit being disclosed as net of cash and cash equivalents acquired as part of such transactions under Ind AS and

(iii) Changes in cash and cash equivalent balances due to equity accounting of joint ventures under Ind AS.

Other Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities and has no impact on the net cash flow for the year ended March 31, 2016 as compared with the previous GAAP.

Footnotes:

a) Proposed Dividend (including corporate dividend tax)

Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the period in which the obligation to pay is established. Under previous GAAP, dividend proposed was recorded as a provision in the period to which it relates.

b) Derivative instruments at fair value through profit or loss

Under previous GAAP, derivative instruments entered into for hedging the foreign currency fluctuation risk were accounted for on the principles of prudence. Pursuant to this, losses, if any, on Mark to Market basis, were recognised and gains were not recognised. Under Ind AS, gains on derivative instruments have been measured at fair value through profit or loss.

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c) Discounting/(unwinding of discount) on provisions

Under Ind AS, long term provisions are to be measured at present value at the date of transition.

d) Separately acquired intangible assets

Under Ind AS, separately acquired intangible assets shall be capitalised which were not eligible for capitalisation under previous GAAP.

e) Employee benefits

Under previous GAAP, actuarial gains and losses were recognised in consolidated statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability / asset, which is recognised in other comprehensive income in the respective periods.

f) Expected credit loss

Under previous GAAP, the Group had created provision for doubtful debts based on specific amount for incurred losses. Under Ind AS, the allowance for doubtful debts has been determined based on expected credit loss model.

g) Effect of measuring financial instruments at fair value through OCI

Under Ind AS, the Group has measured financial instruments at fair value through OCI, which were not applicable in previous GAAP.

h) Effect of measuring investments at fair value through profit or loss

Under previous GAAP, non current investments were stated at cost less provision, if any, for other than temporary diminution in value. Current investments were valued at lower of cost and fair value. Under Ind AS, gains or losses on investments have been measured at fair value through profit or loss.

i) Retrospective application of Ind AS 21 to goodwill arising in business combinations occurred before the date of transition to Ind AS

Under Ind AS, retrospective application of Ind AS 21 to goodwill arising in business combinations occurred before the date of transition to Ind AS, which has resulted in increase in equity.

j) Tax impact on Ind AS adjustments

In the financial statements prepared under Previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/ liability on temporary differences between taxable profit and accounting profit. Under Ind AS, deferred tax is accounted as per the Balance Sheet approach which requires creation of deferred tax asset/liability on temporary differences between the carrying amount of an asset/liability in the Balance Sheet and its corresponding tax base. The application of Ind AS has also resulted in recognition of deferred tax on new temporary differences which were not required to be recognised under previous GAAP, including deferred taxes in respect of unrealised intra group profits on inventories.

Further, deferred tax assets on unabsorbed depreciation and carry forward of losses was recognised only to the extent of virtual certainty supported by convincing evidence under previous GAAP as against recognition of such assets under Ind AS to the extent that it is probable that the said assets would be utilised.

k) Other Ind AS adjustments

Other Ind AS adjustments mainly pertains to difference in loss on disposal of foreign subsidiaries, determined under Ind AS as compared to previous GAAP, in view of the Group availing exemption as referred to in note 76(xiii) and difference in treatment of cumulative translation differences on translation of foreign operations.

Note 77

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

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1 Fair value measurement of Financial Instruments

When the fair values of financials assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

2 Useful lives of property, plant and equipment and intangible assets (Refer note 2)

Property, plant and equipment and other intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

3 Assets and obligations relating to employee benefits (Refer note 56)

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

4 Tax expense [Refer Note 2(r)]
Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA can not be recognised on want of probable taxable profits.

5 Provisions [Refer note 2(n)]

6 Write down in value of inventories (Refer Note 11)

7 Contingencies (Refer note 40)

8 Business combinations (Refer note 78)

9 Impairment of goodwill (Refer note 48)

Note 78

BUSINESS COMBINATIONS

a) Acquisition of plant (Baska, Gujarat) from Unimed Technologies Limited

On March 25, 2017, the Group completed the acquisition of the manufacturing undertaking of Unimed Technologies Limited located at Baska, Gujarat which is engaged in the manufacturing of pharmaceutical products, on a slump sales basis to continue expansion of our business. The acquisition price of ₹ 10.0 Million was paid in cash.

The following assets and liabilities were recognised as at the date of acquisition (at fair value):

₹ In Million

Assets	
Cash and cash equivalents	0.2
Trade receivables	48.0
Inventories	307.7
Other current assets	371.1
Other non-current financial assets	10.6
Capital work-in-progress	522.1
Property, plant and equipment	633.5
	1,893.2
Liabilities	
Trade payables	(748.2)
Provision for employee benefits	(13.7)
Other current financial liabilities	(122.4)
Borrowings	(1,000.0)
	(1,884.3)
Total identifiable assets at fair value	**8.9**
Goodwill	1.0
Total purchase price	**9.9**

The goodwill is tax deductible.

The gross amount of trade receivables acquired have been largely collected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

There has not been any contribution to group revenue on account of this business purchase. The business acquired has contributed a net loss of ₹ 13.5 Million from the date of acquisition.

b) JSC Biosintez

On December 20, 2016, the Group completed the acquisition of 85.1% shares of JSC Biosintez, a Russian pharmaceutical company focused on the hospital segment with an objective to acquire the product portfolio and local manufacturing capability in Russia which would help in expanding our presence in Russia and serving Russia pharmaceutical market more effectively. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill. The goodwill is not tax deductible.

The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹ 1,539.2 Million.

The Group has elected to measure the non-controlling interests in the acquiree at its proportionate share of net assets.

The following assets and liabilities were recognised in the acquisition (at fair value):

	₹ In Million
Assets	
Cash and cash equivalents	2.8
Trade receivables	1,028.5
Inventories	399.9
Other current assets	31.9
Other non-current assets	60.9
Property, plant and equipment	3,522.0
Capital work-in-progress	259.4
Other intangible assets	3.5
Intangible assets under development	69.7
	5,378.6
Liabilities	
Borrowings	(2,617.9)
Trade payables	(706.7)
Other current liabilities	(41.5)
Deferred tax liabilities	(336.2)
	(3,702.3)
Total identifiable assets at fair value	**1,676.3**
Non-controlling interest	14.9%
Non- controlling interest measured at the Group's proportionate share in net assets	(249.7)
Goodwill	112.6
Total purchase price	**1,539.2**

The gross amount of trade receivables acquired have been largely collected.

From the date of acquisition, JSC Biosintez has contributed revenue of ₹ 907.2 million and profit before tax of ₹ 43.0 million to the Group. If the business combinations had taken place at the beginning of the year, revenue would have been ₹ 3,308.7 million and the profit before tax would have been ₹ 216.8 million.

Transaction costs of ₹ 97.9 million have been expensed and are included in other expenses in the consolidated statement of profit and loss.

c) Insite Vision Incorporated

On November 02, 2015, the Group acquired 100% shares of Insite Vision Incorporated along with its subsidiary Insite Vision Limited (together referred as "Insite"). Accordingly, the results of operations for Insite have been included in these consolidated financial statements from that date forward. The Group acquired Insite to facilitate its entry and expansion into the ophthalmic market in the United States. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill. The goodwill is not tax deductible.

The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹ 4,688.4 Million.

The following assets and liabilities were recognised as at the date of acquisition (at fair value):

	₹ In Million
Assets	
Cash and cash equivalents	214.3
Trade receivables	10.5
Other current assets	13.0
Property, plant and equipment	87.5
Intangible assets under development	4,501.9
	4,827.2
Liabilities	
Trade payables	(257.5)
Other current liabilities	(276.1)
	(533.6)
Total identifiable assets at fair value	**4,293.6**
Goodwill	445.0
Total purchase price	**4,738.6**

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FOR THE YEAR ENDED MARCH 31, 2017

The gross amount of trade receivables acquired have been largely collected.

InSite Vision Incorporate had revenue of ₹ 50.7 Million and loss before tax of ₹ 459.4 Million during the five months of 2016. If the business combinations had taken place at the beginning of the year, revenue would have been ₹ 369.1 Million and the loss before tax would have been ₹ 1,561.1 Million.

Transaction costs of ₹ 68.2 million have been expensed and are included in other expenses in the consolidated statement of profit and loss.

d) Acquisition of GSK's opiate business in Australia

On September 01, 2015, the Group completed the acquisition of GlaxoSmithKline's (GSK's) opiates business in Australia, strengthening its active pharmaceutical ingredients (API) and analgesic drug segments. This acquisition also enhances the opiate alkaloids portfolio of the group and depth in global opiates market. The acquisition price of ₹ 6,720.5 million was paid/payable in cash.

The following assets and liabilities were recognised as at the date of acquisition (at fair value):

	₹ In Million
Assets	
Inventories	4,212.5
Property, plant and equipment	2,510.4
Other intangible assets	373.7
	7,096.6
Liabilities	
Provision for employee benefits	(224.7)
Other current liabilities	(151.4)
	(376.1)
Total identifiable assets at fair value	**6,720.5**
Goodwill	-
Total purchase price	**6,720.5**

GSK opiate business had revenue of ₹ 2,063.9 Million and loss of ₹ 281.1 million during the seven months of 2016 and revenue of ₹ 4,744.6 million and loss before tax of ₹ 345.2 Million in the current year.

Transaction costs of ₹ 47.8 Million have been expensed and are included in other expenses in the consolidated statement of profit and loss.

Note 79

a) During the December 2016, the Group acquired a branded oncology product, Odomzo, from Novartis for an upfront payment of USD 175 Million equivalent to ₹ 11,884.3 Million approximately and additional milestone payments.

b) During the year ended March 31, 2016, the Group acquired portfolio consisting of 14 established prescription brands from Novartis AG and Novartis Pharma AG in Japan for a cash consideration of USD 293 Million equivalent to ₹ 19,414.2 Million approximately.

Note 80

a) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the group financial statements.

b) Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with the consolidated financial statements prepared under Ind AS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

	Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
		2016-17		2016-17		2016-17		2016-17	
		As % of consolidated net assets	₹ In Million	As % of consolidated profit or (loss)	₹ In Million	As % of consolidated OCI	₹ In Million	As % of consolidated TCI	₹ In Million
	Parent Entity - Sun Pharmaceutical Industries Limited	51.6	208,715.1	(0.5)	(349.5)	4.8	(633.8)	(1.7)	(983.3)
	Subsidiaries								
	Indian								
1	Green Eco Development Centre Limited	0.0	1.6	(0.0)	(0.5)	-	-	(0.0)	(0.5)
2	Sun Pharma Laboratories Ltd	48.9	197,557.8	10.9	7,584.3	0.8	(107.0)	13.3	7,477.3
3	Faststone Mercantile Company Private Limited	0.0	11.1	0.0	0.3	-	-	0.0	0.3
4	Neetnav Real Estate Private Limited	0.0	15.2	0.0	0.8	-	-	0.0	0.8
5	Realstone Multitrade Private Limited	0.0	11.1	0.0	0.4	-	-	0.0	0.4
6	Skisen Labs Private Limited	0.0	0.1	(0.0)	(0.0)	-	-	(0.0)	(0.0)
7	Softdeal Trading Company Private Limited	0.0	10.6	0.0	0.4	-	-	0.0	0.4
8	Ranbaxy Drugs Limited	0.5	1,893.4	0.0	0.3	-	-	0.0	0.3
9	Vidyut Investments Limited	0.0	27.4	0.0	2.5	-	-	0.0	2.5
10	Gufic Pharma Limited	0.0	4.5	0.0	0.1	-	-	0.0	0.1
11	Universal Enterprises Private Limited	0.0	5.3	0.0	0.0	-	-	0.0	0.0
12	Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	0.0	85.0	0.2	118.0	0.0	(0.7)	0.2	117.3
13	Sun Pharmaceutical Medicare Limited	(0.0)	(11.0)	(0.0)	(13.5)	-	-	(0.0)	(13.5)
	Foreign								
1	Sun Pharmaceutical (Bangladesh) Limited	0.2	942.2	0.3	219.2	-	-	0.4	219.2
2	Sun Pharmaceutical Industries, Inc. (Consolidated with its Subsidiaries, its associates and a Joint venture)	3.1	12,430.7	(2.3)	(1,594.3)#	-	-	(2.8)	(1,594.3)#
3	Sun Farmaceutica Do Brasil Ltda.	(0.5)	(2,207.3)	0.3	185.1	-	-	0.3	185.1
4	Sun Pharma De Mexico S.A. DE C.V.	0.2	758.1	0.2	118.5	-	-	0.2	118.5
5	SPIL De Mexico S.A. DE C.V.	0.0	0.2	-	-	-	-	-	-
6	Sun Pharmaceutical Peru S.A.C.	(0.0)	(150.0)	(0.0)	(19.9)	-	-	(0.0)	(19.9)
7	OOO "Sun Pharmaceutical Industries" Limited	(0.0)	(182.6)	0.0	12.7	-	-	0.0	12.7
8	Sun Pharma De Venezuela, C.A.	(0.4)	(1,444.5)	(0.5)	(325.3)	-	-	(0.6)	(325.3)
9	Ranbaxy Pharmacie Generiques	(0.4)	(1,658.4)	(0.2)	(173.6)	-	-	(0.3)	(173.6)
10	Ranbaxy (Malaysia) Sdn. Bhd.	0.1	333.4	0.1	86.6	-	-	0.2	86.6
11	Ranbaxy Nigeria Limited	0.1	551.5	(0.2)	(114.2)	-	-	(0.2)	(114.2)
12	Ranbaxy (Netherlands) B.V.	13.2	53,421.2	1.5	1,079.2	-	-	1.9	1,079.2
13	Alkaloida Chemical Company Zrt.	6.1	24,524.0	(1.9)	(1,356.0)	-	-	(2.4)	(1,356.0)
14	Sun Pharmaceuticals UK Limited	(0.0)	(91.4)	(0.0)	(0.8)	-	-	(0.0)	(0.8)
15	Sun Pharmaceutical Industries (Australia) Pty Ltd	0.5	1,975.6	(0.5)	(360.9)	-	-	(0.6)	(360.9)
16	Aditya Acquisition Company Ltd.	0.0	6.0	0.0	5.6	-	-	0.0	5.6
17	Sun Pharmaceutical Industries (Europe) B.V.	(0.0)	(110.5)	0.0	26.9	-	-	0.0	26.9
18	Sun Pharmaceuticals Italia S.R.L.	0.0	40.5	(0.0)	(1.5)	-	-	(0.0)	(1.5)
19	Sun Pharmaceuticals Spain, S.L.U.	-	-	(0.0)	(5.2)	-	-	(0.0)	(5.2)
20	Sun Pharmaceuticals Germany GmbH	(0.0)	(186.0)	(0.0)	(2.4)	-	-	(0.0)	(2.4)
21	Sun Pharmaceuticals France	(0.0)	(17.1)	(0.0)	(4.3)	-	-	(0.0)	(4.3)
22	Sun Pharma Global FZE (Consolidated with a Joint venture)	30.5	123,500.6	21.0	14,620.6 *	27.4	(3,657.4)	19.5	10,963.2*
23	Sun Pharmaceuticals (SA) (Pty) Ltd.	(0.0)	(0.1)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
24	Sun Global Canada Pty. Ltd.	(0.0)	(1.1)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
25	Sun Pharma Philippines, Inc.	(0.1)	(419.5)	(0.2)	(152.5)	-	-	(0.3)	(152.5)
26	Sun Pharmaceuticals Korea Ltd.	0.0	4.2	(0.0)	(0.3)	-	-	(0.0)	(0.3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
		2016-17		2016-17		2016-17		2016-17	
		As % of consolidated net assets	₹ In Million	As % of consolidated profit or (loss)	₹ In Million	As % of consolidated OCI	₹ In Million	As % of consolidated TCI	₹ In Million
27	Sun Global Development FZE	0.0	181.3	(0.0)	(0.7)	-	-	(0.0)	(0.7)
28	Sun Pharma Japan Ltd.	(0.1)	(443.6)	(0.2)	(117.8)	-	-	(0.2)	(117.8)
29	Sun Pharma HealthCare FZE	0.0	181.0	0.0	2.5	-	-	0.0	2.5
30	Sun Laboratories FZE	(0.1)	(344.7)	(0.2)	(114.3)	-	-	(0.2)	(114.3)
31	Taro Pharmaceutical Industries Ltd. (TARO)	33.2	134,415.9	44.0	30,612.8	12.6	(1,683.7)	51.4	28,929.1
32	Alkaloida Sweden AB	0.0	20.0	0.0	9.6	-	-	0.0	9.6
33	Sun Pharma Switzerland Limited	(0.0)	(21.8)	(0.0)	(27.8)	-	-	(0.0)	(27.8)
34	Ocular Technologies	0.6	2,626.6	3.9	2,713.8	-	-	4.8	2,713.8
35	Sun Pharma Holdings	50.4	203,802.5	(0.0)	(9.7)	-	-	(0.0)	(9.7)
36	Sun Pharma East Africa Limited	(0.0)	(71.5)	(0.0)	(32.2)	-	-	(0.1)	(32.2)
37	Sun Pharma ANZ Pty Ltd (Formerly known as Ranbaxy Australia Pty Ltd)	(0.1)	(429.7)	0.0	34.8	-	-	0.1	34.8
38	Ranbaxy Farmaceutica Ltda.	(0.3)	(1,070.3)	0.1	87.3	-	-	0.2	87.3
39	Ranbaxy Pharmaceuticals Canada Inc.	0.1	332.7	(0.1)	(64.1)	-	-	(0.1)	(64.1)
40	Ranbaxy Egypt LLC	0.1	265.7	(0.1)	(95.4)	-	-	(0.2)	(95.4)
41	Rexcel Egypt LLC	(0.0)	(10.9)	(0.0)	(11.8)	-	-	(0.0)	(11.8)
42	Office Pharmaceutique Industriel Et Hospitalier	0.0	78.6	0.0	14.5	-	-	0.0	14.5
43	Basics GmbH	0.2	842.2	0.1	41.2	-	-	0.1	41.2
44	Ranbaxy GmbH	0.0	1.7	-	-	-	-	-	-
45	Ranbaxy Ireland Limited	0.1	505.2	0.2	146.8	-	-	0.3	146.8
46	Ranbaxy Italia S.P.A.	0.0	19.8	(0.0)	(33.9)	0.0	(2.5)	(0.1)	(36.4)
47	Sun Pharmaceutical Industries S.A.C. (Formerly known as Ranbaxy - PRP (Peru) S.A.C.)	(0.0)	(94.5)	(0.0)	(22.2)	-	-	(0.0)	(22.2)
48	Ranbaxy (Poland) Sp. Z o.o.	0.0	156.9	0.0	11.0	-	-	0.0	11.0
49	S. C. Terapia S.A.	2.6	10,409.9	3.2	2,237.1	-	-	4.0	2,237.1
50	AO Ranbaxy (Formerly Known ZAO Ranbaxy)	0.2	987.2	0.2	143.0	-	-	0.3	143.0
51	JSC Biosintez	0.4	1,703.7	0.0	25.1	-	-	0.0	25.1
52	Ranbaxy South Africa Proprietary Limited (Consolidated with its Subsidiary)	0.2	852.4	0.4	308.1	-	-	0.5	308.1
53	Ranbaxy Pharmaceutical Proprietary Limited	(0.3)	(1,035.4)	0.3	186.9	-	-	0.3	186.9
54	Be- Tabs Investments Proprietary Limited	0.0	17.3	0.0	0.1	-	-	0.0	0.1
55	Laboratorios Ranbaxy, S.L.U.	0.1	248.6	0.2	104.9	-	-	0.2	104.9
56	Ranbaxy (U.K.) Limited	0.3	1,164.6	0.1	63.2	-	-	0.1	63.2
57	Ranbaxy Holdings (U.K.) Limited	0.6	2,480.0	(0.0)	(1.0)	-	-	(0.0)	(1.0)
58	Ranbaxy Europe Limited	0.0	148.1	0.0	0.0	-	-	0.0	0.0
59	Ranbaxy Inc. (Consolidated with its Subsidiaries)	9.4	38,000.0	7.6	5,297.3	-	-	9.4	5,297.3
60	Sun Pharmaceuticals Holdings USA, INC	5.1	20,673.7	0.0	0.1	-	-	0.0	0.1
61	Ranbaxy (Thailand) Company Limited	0.0	160.8	(0.1)	(91.1)	-	-	(0.2)	(91.1)
62	Sun Pharmaceuticals Morocco LLC (Formerly known as Ranbaxy Morocco LLC)	(0.0)	(40.2)	0.1	81.7	-	-	0.1	81.7
63	"Ranbaxy Pharmaceuticals Ukraine" LLC	0.0	107.4	0.0	27.1	-	-	0.0	27.1
Non controlling interest in all subsidiaries		9.4	37,908.6	(12.7)	(8,818.6)	(11.5)	1,534.3	(12.9)	(7,284.3)
Associate (Investment as per the equity method)									
Indian									
1	Zenotech Laboratories Limited	-	-	-	-	-	-	-	-
Foreign Joint Ventures (Investment as per equity method)									
1	MSD - Sun LLC (Consolidated with its subsidiary)	0.0	0.7	-	-	-	-	-	-
Intercompany Elimination and Consolidation Adjustments		(165.9)	(670,772.1)	24.9	17,348.6	65.9	(8,786.8)	15.2	8,561.8
Total		**100.0**	**404,305.3**	**100.0**	**69,643.7**	**100.0**	**(13,337.6)**	**100.0**	**56,306.1**

Includes share of profit and share of TCI, from its associates and a joint venture of ₹ 101.8 million

* Includes share of loss and share of TCI, from a joint venture of ₹ 2.5 million

The above amounts / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries, associates and joint ventures are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

Refer note 39 (e)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

	Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2015-16		2015-16		2015-16		2015-16	
		As % of consolidated net assets	₹ In Million	As % of consolidated profit or (loss)	₹ In Million	As % of consolidated OCI	₹ In Million	As % of consolidated TCI	₹ In Million
Parent Entity - Sun Pharmaceutical Industries Limited		59.1	218,907.0	(23.9)	(10,875.1)	(1.9)	(247.9)	(19.1)	(11,123.0)
Subsidiaries									
Indian									
1	Green Eco Development Centre Limited	(0.0)	(3.8)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
2	Sun Pharma Laboratories Ltd	51.9	192,535.8	13.8	6,256.9	(0.6)	(79.6)	10.6	6,177.3
3	Faststone Mercantile Company Private Limited	0.0	10.8	0.0	0.1	-	-	0.0	0.1
4	Neetnav Real Estate Private Limited	0.0	15.1	0.0	1.0	-	-	0.0	1.0
5	Realstone Multitrade Private Limited	0.0	10.8	0.0	0.1	-	-	0.0	0.1
6	Skisen Labs Private Limited	0.0	0.1	(0.3)	(155.8)	-	-	(0.3)	(155.8)
7	Softdeal Trading Company Private Limited	0.0	10.1	0.0	0.1	-	-	0.0	0.1
8	Ranbaxy Drugs Limited	0.1	215.9	0.0	0.4	-	-	0.0	0.4
9	Vidyut Investments Limited	0.0	24.8	0.0	1.1	-	-	0.0	1.1
10	Gufic Pharma Limited	0.0	4.2	0.0	0.2	-	-	0.0	0.2
11	Universal Enterprises Private Limited	0.0	5.3	0.0	0.0	-	-	0.0	0.0
12	Sun Pharmaceutical Medicare Limited	0.5	1,834.1	0.3	124.1	(0.0)	(1.1)	0.2	123.0
Foreign									
1	Sun Pharmaceutical (Bangladesh) Limited	0.2	721.1	0.4	162.5	-	-	0.3	162.5
2	Sun Pharmaceutical Industries, Inc. (Consolidated with its Subsidiaries, its associates and a Joint venture)	4.0	14,895.4	(2.1)	(950.4)[#]	-	-	(1.6)	(950.4)[#]
3	Sun Farmaceutica Do Brasil Ltda.	(0.6)	(2,153.1)	(1.3)	(603.4)	-	-	(1.0)	(603.4)
4	Sun Pharma De Mexico S.A. DE C.V.	0.2	710.1	0.4	173.2	-	-	0.3	173.2
5	SPIL De Mexico S.A. DE C.V.	0.0	0.2	-	-	-	-	-	-
6	Sun Pharmaceutical Peru S.A.C.	(0.0)	(127.9)	(0.1)	(29.7)	-	-	(0.1)	(29.7)
7	OOO "Sun Pharmaceutical Industries" Limited	(0.0)	(165.0)	(0.3)	(123.3)	-	-	(0.2)	(123.3)
8	Sun Pharma De Venezuela, C.A.	(0.3)	(1,152.5)	(1.7)	(761.7)	-	-	(1.3)	(761.7)
9	Ranbaxy Pharmacie Generiques	(0.4)	(1,623.8)	(0.3)	(125.8)	-	-	(0.2)	(125.8)
10	Ranbaxy (Malaysia) Sdn. Bhd.	0.1	294.0	(0.8)	(358.1)	-	-	(0.6)	(358.1)
11	Ranbaxy Nigeria Limited	0.3	1,055.6	0.2	104.8	-	-	0.2	104.8
12	Ranbaxy (Netherlands) B.V.	14.3	52,964.2	(7.3)	(3,326.5)	-	-	(5.7)	(3,326.5)
13	Alkaloida Chemical Company Zrt.	7.1	26,395.3	(1.5)	(685.7)	-	-	(1.2)	(685.7)
14	Sun Pharmaceuticals UK Limited	(0.0)	(107.0)	(0.0)	(21.2)	-	-	(0.0)	(21.2)
15	Sun Pharmaceutical Industries (Australia) Pty Ltd	0.6	2,394.6	(0.5)	(246.8)	-	-	(0.4)	(246.8)
16	Aditya Acquisition Company Ltd.	0.0	0.1	0.0	8.6	-	-	0.0	8.6
17	Sun Pharmaceutical Industries (Europe) B.V.	(0.0)	(148.8)	0.0	15.9	-	-	0.0	15.9
18	Sun Pharmaceuticals Italia S.R.L.	(0.1)	(379.6)	(0.1)	(40.8)	-	-	(0.1)	(40.8)
19	Sun Pharmaceuticals Spain, S.L.U.	(0.1)	(370.7)	(0.2)	(80.3)	-	-	(0.1)	(80.3)
20	Sun Pharmaceuticals Germany GmbH	(0.1)	(204.7)	0.0	5.9	-	-	0.0	5.9
21	Sun Pharmaceuticals France	(0.0)	(15.0)	0.0	1.6	-	-	0.0	1.6
22	Sun Pharma Global FZE (Consolidated with a Joint venture)	31.1	115,361.9	52.7	23,968.2[@]	(22.0)	(2,820.8)	36.3	21,147.4[@]
23	Sun Pharmaceuticals (SA) (Pty) Ltd.	(0.0)	(0.1)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
24	Sun Global Canada Pty. Ltd.	(0.0)	(1.2)	(0.0)	(0.2)	-	-	(0.0)	(0.2)
25	Sun Pharma Philippines, Inc.	(0.1)	(308.9)	(0.3)	(131.1)	-	-	(0.2)	(131.1)
26	Sun Pharmaceuticals Korea Ltd.	0.0	4.5	(0.0)	(0.2)	-	-	(0.0)	(0.2)
27	Sun Global Development FZE	0.1	185.9	(0.0)	(0.7)	-	-	(0.0)	(0.7)
28	Sun Pharma Japan Ltd.	(0.1)	(339.6)	(0.2)	(98.7)	-	-	(0.2)	(98.7)
29	Sun Pharma HealthCare FZE	0.0	182.5	(0.0)	(0.1)	-	-	(0.0)	(0.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2015-16		2015-16		2015-16		2015-16	
		As % of consolidated net assets	₹ In Million	As % of consolidated profit or (loss)	₹ In Million	As % of consolidated OCI	₹ In Million	As % of consolidated TCI	₹ In Million
30	Sun Laboratories FZE	(0.1)	(238.2)	(1.9)	(847.6)	-	-	(1.5)	(847.6)
31	Taro Pharmaceutical Industries Ltd. (TARO)	34.6	128,300.9	78.0	35,474.4	38.5	4,931.3	69.4	40,405.7
32	Alkaloida Sweden AB	(0.0)	(45.9)	0.0	11.3	-	-	0.0	11.3
33	Sun Pharma Switzerland Limited	0.0	5.4	(0.0)	(0.5)	-	-	(0.0)	(0.5)
34	Sun Pharma Holdings	61.2	226,846.2	(0.0)	(3.1)	-	-	(0.0)	(3.1)
35	Sun Pharma East Africa Limited	(0.0)	(42.4)	(0.1)	(40.8)	-	-	(0.1)	(40.8)
36	Sun Pharma ANZ Pty Ltd (Formerly known as Ranbaxy Australia Pty Ltd)	(0.2)	(892.8)	0.1	33.6	-	-	0.1	33.6
37	Ranbaxy Belgium N.V.	-	-	0.0	3.2	-	-	0.0	3.2
38	Ranbaxy Farmaceutica Ltda.	(0.3)	(1,036.7)	(0.9)	(416.8)	-	-	(0.7)	(416.8)
39	Ranbaxy Pharmaceuticals Canada Inc.	0.1	414.4	0.2	79.4	-	-	0.1	79.4
40	Ranbaxy Egypt LLC	0.0	8.8	(0.4)	(161.1)	-	-	(0.3)	(161.1)
41	Rexcel Egypt LLC	(0.0)	(6.6)	(0.0)	(1.9)	-	-	(0.0)	(1.9)
42	Office Pharmaceutique Industriel Et Hospitalier	0.0	70.5	0.0	3.5	-	-	0.0	3.5
43	Basics GmbH	0.2	872.6	(0.2)	(69.1)	-	-	(0.1)	(69.1)
44	Ranbaxy GmbH	0.0	1.9	-	-	-	-	-	-
45	Ranbaxy Ireland Limited	0.3	963.3	(0.8)	(345.8)	-	-	(0.6)	(345.8)
46	Ranbaxy Italia S.P.A.	0.0	58.7	(0.8)	(345.5)	-	-	(0.6)	(345.5)
47	Sun Pharmaceutical Industries S.A.C. (Formerly known as Ranbaxy - PRP (Peru) S.A.C.)	(0.0)	(71.4)	(0.0)	(22.7)	-	-	(0.0)	(22.7)
48	Ranbaxy (Poland) Sp. Z o.o.	0.0	156.6	0.0	16.0	-	-	0.0	16.0
49	Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda	-	-	(0.0)	(1.6)	-	-	(0.0)	(1.6)
50	S. C. Terapia S.A.	2.5	9,204.4	4.3	1,945.0	-	-	3.3	1,945.0
51	AO Ranbaxy (Formerly Known ZAO Ranbaxy)	0.2	703.8	0.5	205.9	-	-	0.4	205.9
52	Ranbaxy South Africa Proprietary Limited (Consolidated with its Subsidiary)	0.1	553.5	0.4	183.3	-	-	0.3	183.3
53	Ranbaxy Pharmaceutical Proprietary Limited	(0.3)	(1,131.3)	(2.9)	(1,325.8)	-	-	(2.3)	(1,325.8)
54	Be- Tabs Investments Proprietary Limited	0.0	15.9	(0.0)	(2.0)	-	-	(0.0)	(2.0)
55	Laboratorios Ranbaxy, S.L.U.	0.0	162.8	0.4	183.6	-	-	0.3	183.6
56	Ranbaxy (U.K.) Limited	0.4	1,304.8	0.7	334.8	-	-	0.6	334.8
57	Ranbaxy Holdings (U.K.) Limited	0.8	2,925.9	(0.0)	(0.9)	-	-	(0.0)	(0.9)
58	Ranbaxy Europe Limited	0.0	174.6	0.0	15.7	-	-	0.0	15.7
59	Ranbaxy Inc. (Consolidated with its Subsidiaries)	9.1	33,590.2	8.6	3,905.3	-	-	6.7	3,905.3
60	Ranbaxy (Thailand) Company Limited	0.0	65.0	0.0	0.9	-	-	0.0	0.9
61	Sun Pharmaceuticals Morocco LLC (Formerly known as Ranbaxy Morocco LLC)	(0.0)	(124.5)	(0.0)	(19.0)	-	-	(0.0)	(19.0)
62	"Ranbaxy Pharmaceuticals Ukraine" LLC	0.0	86.5	0.1	25.0	-	-	0.0	25.0
Non Controlling Interest in all subsidiaries		11.0	40,852.5	(24.5)	(11,126.0)	(12.2)	(1,558.9)	(21.8)	(12,684.9)
Associates (Investment as per the equity method)									
Indian									
1	Zenotech Laboratories Limited	-	-	-	-	-	-	-	-
Foreign									
2	Daiichi Sankyo (Thailand) Ltd.	0.1	444.5	0.0	3.3	-	-	0.0	3.3
Foreign Joint Ventures (Investment as per the equity method)									
2	MSD - Sun LLC (Consolidated with its subsidiary)	0.0	0.7	0.4	180.4	-	-	0.3	180.4
Intercompany Elimination and Consolidation Adjustments		(187.5)	(695,155.0)	11.8	5,373.6	98.3	12,571.5	30.8	17,945.1
Total		**100.0**	**370,677.3**	**100.0**	**45,457.1**	**100.0**	**12,794.5**	**100.0**	**58,251.6**

\# Includes share of profit and share of TCI, from its associates and a joint venture of ₹ 156.0 million

@ Includes share of loss and share of TCI, from a joint venture of ₹ 13.2 million

The above amounts / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries, associates and joint ventures are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

(Annexure 'B')

Ind AS- 24 - " RELATED PARTY DISCLOSURES "

Names of related parties where there are transactions and description of relationships

a Key Managerial Personnel

Dilip S. Shanghvi	Managing Director
Sudhir V. Valia	Executive Director
Sailesh T. Desai	Executive Director
Israel Makov	Chairman and Non- Executive Director
Kalyansundaram Subramanian (w.e.f. February 14, 2017)	Executive Director
S. Mohanchand Dadha	Non- Executive Director
Hasmukh S. Shah	Non- Executive Director
Keki M. Mistry	Non- Executive Director
Ashwin S. Dani	Non- Executive Director
Rekha Sethi	Non- Executive Director

b Relatives of Key Managerial Personnel

Aalok Shanghvi
Vidhi Shanghvi

c Enterprise under control of Key Managerial Personnel or their relatives

Makov Associates Ltd
Shantilal Shanghvi Foundation
Dadha Pharma Pvt. Ltd.

d Enterprise under significant Influence of Key managerial Personnel or their relatives

Sun Pharma Advanced Research Company Ltd
Sun Petrochemicals Pvt Ltd
Alfa Infraprop Pvt. Ltd.
PV Power Technologies Pvt. Ltd.

e Joint Venture

S & I Ophthalmic LLC

f Associates

Zenotech Laboratories Limited
Daiichi Sankyo (Thailand) Ltd.
Medinstill LLC
Frazier Healthcare VII, L.P.
Versant Venture Capital V, L.P.
scPharmaceuticals Inc.
Trumpcard Advisors and Finvest LLP
Generic Solar Power LLP

g Unconsolidated Subsidiary

Foundation for Disease Elimination and Control of India

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

Particulars	March 31, 2017	March 31, 2016
Purchase of goods	**28.2**	**21.7**
Associates	12.9	20.6
Enterprise under significant Influence of Key managerial Personnel or their relatives	15.3	1.1
Purchase of Property, Plant and Equipment and other intangible assets	**885.4**	**4.0**
Enterprise under significant Influence of Key managerial Personnel or their relatives	885.4	4.0
Sale of goods	**103.4**	**881.9**
Associates	38.8	871.9
Enterprise under significant Influence of Key managerial Personnel or their relatives	64.6	10.0
Sale of Property, Plant and Equipment and other intangible assets	-	**0.4**
Enterprise under significant Influence of Key managerial Personnel or their relatives	-	0.4
Receiving of Service	**1,296.6**	**1,616.3**
Enterprise under control of Key managerial Personnel or their relatives	283.0	506.2
Enterprise under significant Influence of Key managerial Personnel or their relatives	1,013.6	1,110.1
Reimbursement of Expenses Paid	**17.7**	**61.7**
Associates	2.8	-
Key managerial personnel (₹ 45,815)	0.0	-
Enterprise under significant Influence of Key managerial Personnel or their relatives	14.9	61.7
Rendering of Service	**147.8**	**558.3**
Joint Venture (March 31, 2016 : ₹ 44,016)	11.6	0.1
Associates	-	3.2
Enterprise under significant Influence of Key managerial Personnel or their relatives	136.2	555.0
Reimbursement of Expenses Received	**290.1**	**41.6**
Enterprise under significant Influence of Key managerial Personnel or their relatives	289.8	41.6
Unconsolidated Subsidiary	0.3	-
Purchase of Investment in Associates and Joint Venture and Unconsolidated Subsidiary	**1,856.1**	**1,071.6**
Associates (Refer Note 67)	1,856.0	744.5
Joint Venture	-	327.1
Unconsolidated Subsidiary	0.1	-
Interest Income	**70.4**	**69.9**
Associates	70.4	69.9
Lease Rental and Hire Charges	**51.1**	**48.7**
Enterprise under significant influence of key managerial personnel or their relatives	51.1	48.7
Provision for doubtful Loans and Interest accrued and due on Loans	**63.4**	**389.5**
Associates	63.4	389.5
Remuneration	**294.9**	**255.4**
Key Managerial Personnel (Refer note 64)	281.6	242.4
Relatives of key Managerial personnel	13.3	13.0
Director's Sitting Fees	**9.5**	**8.0**
Corporate Social Responsibility Expense	**52.1**	-
Enterprise under control of Key Managerial Personnel or their relatives	52.1	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance Outstanding as at the end of the year			
Receivables	**1,130.4**	**669.0**	**624.9**
Joint Venture	-	0.9	1.3
Associates	-	1.8	-
Enterprise under significant influence of key managerial personnel or their relatives	1,129.6	666.3	623.6
Unconsolidated Subsidiary	0.8	-	-
Payables	**833.8**	**176.1**	**350.8**
Associates	137.7	13.5	32.1
Key managerial personnel	153.7	102.3	119.6
Relatives of key managerial personnel	0.6	2.4	1.2
Enterprise under control of Key managerial Personnel or their relatives	126.0	57.9	166.4
Enterprise under significant influence of key managerial personnel or their relatives	415.8	-	31.5
Deposit Received	**-**	**66.2**	**66.2**
Enterprise under significant influence of key managerial personnel or their relatives	-	66.2	66.2
Loan Given	**454.0**	**-**	**326.8**
Associates *	454.0	-	326.8

* Net of Provision for doubtful loans and interest accrued and due on loans thereof ₹ 726.9 Million [March 31, 2016 : ₹ 663.5 Million ; April 01, 2015: ₹ 274.0 Million] (Refer Note 70)

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amount provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to key managerial personnel of Company.

Disclosure in respect of material transaction with related parties.

₹ in Million

Particulars	March 31, 2017	March 31, 2016
Purchase of goods		
Zenotech Laboratories Limited	12.9	20.5
Sun Pharma Advanced Research Company Ltd	10.9	1.1
Purchase of Property, Plant and Equipment and other intangible assets		
Sun Pharma Advanced Research Company Ltd	885.4	4.0
Sale of goods		
Daiichi Sankyo (Thailand) Ltd.	38.8	871.9
Sun Pharma Advanced Research Company Ltd	64.6	10.0
Sale of Property, Plant and Equipment and other intangible assets		
Sun Petrochemicals Pvt Ltd	-	0.4
Receiving of Service		
Sun Pharma Advanced Research Company Ltd	1,013.6	1,368.7
Makov Associates Ltd	283.0	247.6
Reimbursement of Expenses Paid		
Sun Pharma Advanced Research Company Ltd	14.9	61.7
Rendering of Service		
Sun Pharma Advanced Research Company Ltd	136.2	555.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ in Million

Particulars	March 31, 2017	March 31, 2016
Reimbursement of Expenses Received		
Sun Pharma Advanced Research Company Ltd	289.8	41.6
Purchase of Investment in Associates and Joint Venture and Unconsolidated Subsidiary		
Frazier Healthcare VII, L.P.	269.6	412.7
Versant Venture Capital V, L.P.	402.0	331.8
scPharmaceuticals Inc.	871.9	-
S & I Ophthalmic LLC	-	327.1
Interest Income		
Zenotech Laboratories Limited	70.4	69.9
Lease Rental and Hire Charges		
Alfa Infraprop pvt. Ltd.	46.8	47.3
Provision for doubtful Loans and Advances		
Zenotech Laboratories Limited	63.4	389.5
Remuneration		
Key managerial personnel		
Dilip S. Shanghvi @	151.5	135.3
Sailesh T. Desai	31.6	12.1
Sudhir V. Valia #	91.8	95.0
Relatives of key managerial personnel		
Aalok D. Shanghvi	12.1	12.1
Director's Sitting Fees		
S. Mohanchand Dadha	2.0	1.8
Hasmukh S. Shah	1.7	1.9
Corporate Social Responsibility Expense		
Shantilal Shanghvi Foundation	52.1	-

@ Net of Refund of ₹ Nil (March 31, 2016 ₹ 1.1 Million) in respect of excess remuneration paid for financial year 2013 -14.

Net of Refund of ₹ Nil (March 31, 2016 ₹ 1.0 Million) in respect of excess remuneration paid for financial year 2013 -14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

FORM AOC - 1

PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF COMPANIES ACT, 2013 WITH THE RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

₹ In Million

Part "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date since when subsidiary was acquired	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	% of Shareholding
1	Green Eco Development Centre Limited	12.11.2010	INR	1.00	7.0	(5.4)	1.7	0.1	-	-	(0.5)	-	(0.5)	-	100.00%
2	Sun Pharmaceutical (Bangladesh) Limited	29.03.2001	BDT	0.81	48.4	893.8	1,298.6	356.4	-	1,351.5	327.5	119.6	207.9	-	72.50%
3	Sun Pharmaceutical Industries, Inc.	14.06.2011	USD	64.86	13,856.9	(16,970.6)	53,082.4	56,196.1	5,085.6	27,948.8	(9,047.8)	(3,223.7)	(5,824.0)	-	100.00%
4	Sun Farmaceutica do Brasil Ltda.	22.05.2009	BRL	20.59	114.8	(2,322.0)	780.2	2,987.5	-	1,107.1	199.5	-	199.5	-	100.00%
5	Sun Pharma De Mexico S.A. DE C.V.	03.12.2002	MXN	3.47	3.5	764.0	858.4	90.9	-	1,131.6	173.8	59.0	114.9	-	75.00%
6	SPIL De Mexico S.A. DE C.V.	13.02.2002	MXN	3.47	0.2	-	0.2	-	-	-	-	-	-	-	100.00%
7	Sun Pharmaceutical Peru S.A.C.	27.06.2006	PEN	19.96	0.0	(154.9)	0.2	155.0	-	-	(27.0)	-	(27.0)	-	99.33%
8	OOO "Sun Pharmaceutical Industries" Limited	12.11.2007	RUB	1.16	0.1	(171.5)	42.1	213.5	-	143.0	(20.5)	5.1	(25.6)	-	100.00%
9	Sun Pharma De Venezuela, C.A.	06.11.2011	VEF	6.49	0.3	(1,444.8)	1.1	1,445.6	-	6.5	(314.7)	-	(314.7)	-	100.00%
10	Chattem Chemicals Inc.	24.11.2008	USD	64.86	2,233.2	1,436.2	3,852.4	183.0	-	1,481.3	(143.2)	(47.6)	(95.6)	-	100.00%
11	The Taro Development Corporation	20.09.2010	USD	64.86	0.0	(0.4)	1,287.7	1,288.1	-	-	(0.0)	-	(0.0)	-	100.00%
12	Alkaloida Chemical Company Zrt.	05.08.2005	USD	64.86	5,789.0	18,735.1	36,837.3	12,313.2	-	1,561.8	(1,311.6)	-	(1,311.6)	-	99.99%
13	Sun Pharmaceuticals UK Limited	20.06.2005	GBP	80.83	0.1	(91.6)	0.3	91.8	-	46.2	(0.8)	-	(0.8)	-	100.00%
14	Sun Pharmaceutical Industries (Australia) Pty Ltd	11.03.2008	AUD	49.61	2,710.9	(735.1)	8,898.9	6,923.1	-	5,176.3	(359.7)	-	(359.7)	-	100.00%
15	Aditya Acquisition Company Ltd.	22.04.2007	ILS	17.84	0.0	6.0	47.0	41.0	-	184.7	8.1	2.2	5.9	-	100.00%
16	Sun Pharmaceutical Industries (Europe) B.V.	29.06.2007	EURO	69.30	1.2	(111.7)	425.9	536.4	-	466.0	26.5	-	26.5	-	100.00%
17	Sun Pharmaceuticals Italia S.R.L.	14.04.2008	EURO	69.30	0.7	39.8	41.2	0.7	-	174.7	(1.4)	-	(1.4)	-	100.00%
18	Sun Pharmaceuticals Spain, S.L.U.	27.04.2009	EURO	69.30	0.2	(346.6)	1.0	347.4	-	-	(4.8)	-	(4.8)	-	100.00%
19	Sun Pharmaceuticals Germany GmbH	11.08.2008	EURO	69.30	1.7	(187.7)	760.5	946.5	-	462.0	10.6	8.1	2.5	-	100.00%
20	Sun Pharmaceuticals France	10.02.2009	EURO	69.30	2.6	(19.7)	165.5	182.6	-	109.1	(3.3)	-	(3.3)	-	100.00%
21	Sun Pharma Global FZE	25.11.2008	USD	64.86	267.5	123,233.1	132,393.3	8,892.6	2,888.9	35,588.7	10,623.1	-	10,623.1	-	100.00%
22	Sun Pharmaceuticals (SA) (Pty) Ltd.	22.10.2008	ZAR	4.84	0.0	(0.1)	-	0.1	-	0.0	(0.0)	-	(0.0)	-	100.00%
23	Sun Global Canada Pty. Ltd.	23.06.2009	USD	64.86	0.1	(1.2)	-	1.1	-	-	(0.0)	-	(0.0)	-	100.00%
24	Sun Laboratories FZE	13.03.2011	USD	64.86	794.6	(1,139.3)	96.2	440.9	0.7	81.4	(110.3)	-	(110.3)	-	100.00%
25	Sun Global Development FZE	13.04.2011	USD	64.86	185.4	(4.1)	200.8	19.5	-	-	(0.7)	-	(0.7)	-	100.00%
26	Sun Pharma Japan Ltd.	01.03.2012	JPY	0.58	91.5	(534.1)	3,588.4	4,031.0	-	10.6	(107.9)	0.2	(108.1)	-	100.00%
27	Sun Pharma Philippines, Inc.	08.12.2011	PHP	1.29	11.2	(407.5)	259.9	656.2	-	235.8	(77.4)	(23.2)	(54.2)	-	100.00%
28	Sun Pharma Healthcare FZE	25.03.2012	USD	64.86	185.4	(4.4)	181.1	0.0	-	-	2.4	-	2.4	-	100.00%
29	Sun Pharmaceuticals Korea Ltd.	20.09.2011	KRW	0.06	5.8	(1.6)	5.9	1.6	-	-	(0.3)	-	(0.3)	-	100.00%
30	Caraco Pharmaceuticals Private Limited	12.01.2012	INR	1.00	0.1	(0.1)	0.0	0.0	-	-	0.1	0.0	0.0	-	100.00%
31	Sun Pharma Laboratories Ltd	09.03.2012	INR	1.00	0.5	197,557.3	219,999.1	22,441.3	2,642.8	52,873.9	9,691.0	2,106.7	7,584.3	2040.0	100.00%
32	Morley & Company, Inc.	05.05.1983	USD	64.86	0.2	(0.1)	0.1	0.1	-	-	-	-	-	-	100.00%
33	Taro Pharmaceutical Industries Ltd. (TARO)	20.09.2010	USD	64.86	17,065.0	117,022.4	136,767.8	2,680.4	-	14,605.4	7,949.7	1,213.0	6,736.6	-	72.81%
34	Taro Pharmaceuticals Inc.	20.09.2010	CAD	48.57	14.3	72,094.5	74,402.1	2,293.2	-	23,526.9	17,672.3	4,279.1	13,393.2	-	72.81%
35	Taro Pharmaceuticals U.S.A., Inc.	20.09.2010	USD	64.86	546.3	(32.7)	45,506.7	44,993.1	230.1	50,459.3	673.4	30.9	642.5	-	72.81%
36	Taro Pharmaceuticals North America, Inc.	20.09.2010	USD	64.86	227.8	21,050.8	21,857.7	579.1	-	5,098.6	2,709.3	-	2,709.3	-	72.81%
37	Taro Pharmaceuticals Europe B.V.	20.09.2010	EURO	69.30	1.2	(32.8)	1.5	33.1	-	-	(1.3)	-	(1.3)	-	72.81%
38	Taro Pharmaceuticals Ireland Limited	20.09.2010	EURO	69.30	138.7	(400.5)	73.1	334.9	-	-	(19.4)	-	(19.4)	-	72.81%
39	Taro International Ltd.	20.09.2010	USD	64.86	-	85.3	550.8	465.6	-	757.5	73.4	17.8	55.6	-	72.81%
40	Taro Pharmaceuticals (UK) Limited	20.09.2010	GBP	80.83	0.0	(741.0)	79.4	820.4	-	81.1	(128.9)	-	(128.9)	-	72.81%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ In Million

Part "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date since when subsidiary was acquired	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	% of Shareholding
41	Taro Hungary Intellectual Property Licensing Limited Liability Company	20.09.2010	USD	64.86	-	0.0	-	-	-	-	(1.4)	-	(1.4)	-	72.81%
42	Taro Pharmaceuticals Canada, Ltd.	20.09.2010	CAD	48.57	0.0	(0.0)	0.1	0.1	-	-	(0.0)	-	(0.0)	-	72.81%
43	Alkaloida Sweden AB	22.11.2012	SEK	7.26	51.8	(31.8)	298.7	278.8	-	748.3	9.6	-	9.6	-	100.00%
44	Dusa Pharmaceuticals, Inc.	19.12.2012	USD	64.86	0.6	5,063.8	11,577.9	6,513.5	-	8,916.9	4,219.8	1,619.8	2,599.9	-	100.00%
45	Mutual Pharmaceutical Company Inc.	05.02.2013	USD	64.86	4,259.1	4,923.0	9,610.3	428.3	-	3,104.9	(916.6)	(332.7)	(583.9)	-	100.00%
46	Faststone Mercantile Company Private Limited	01.04.2012	INR	1.00	0.1	11.0	11.1	0.0	-	0.0	0.5	0.2	0.3	-	100.00%
47	Neetnav Real Estate Private Limited	01.04.2012	INR	1.00	0.1	2,920.1	3,077.5	157.3	3.1	1.2	1.2	0.4	0.8	-	100.00%
48	Realstone Multitrade Private Limited	01.04.2012	INR	1.00	0.1	11.0	11.2	0.0	-	0.0	0.6	0.2	0.4	-	100.00%
49	Skisen Labs Private Limited	01.04.2012	INR	1.00	163.6	(163.5)	0.1	0.0	-	0.0	(0.0)	0.0	(0.0)	-	100.00%
50	Softdeal Trading Company Private Limited	01.04.2012	INR	1.00	0.1	10.5	10.6	0.0	-	0.0	0.6	0.2	0.4	-	100.00%
51	Universal Enterprises Private Limited	31.08.2012	INR	1.00	4.5	0.8	5.3	0.0	-	-	0.0	0.0	0.0	-	100.00%
52	Sun Pharma Switzerland Limited	10.06.2013	CHF	64.81	6.5	(28.3)	2,645.1	2,666.9	-	-	(26.1)	0.8	(26.9)	-	100.00%
53	Sun Pharma Holdings	06.08.2015	USD	64.86	221,858.8	(17,972.1)	204,615.1	728.5	-	-	(9.4)	-	(9.4)	-	100.00%
54	Pharmalucence, Inc.	15.07.2014	USD	64.86	5,664.9	(683.6)	6,571.7	1,590.4	-	1,839.2	(350.9)	(127.1)	(223.7)	-	100.00%
55	PI Real Estate Ventures LLC	15.07.2014	USD	64.86	583.8	125.4	1,843.5	1,134.3	-	202.3	120.8	43.8	76.9	-	100.00%
56	Sun Pharma East Africa Limited	13.06.2014	KES	0.63	0.1	(51.1)	415.8	466.8	-	377.8	(23.8)	(6.8)	(17.0)	-	100.00%
57	Ranbaxy Drugs Limited	24.03.2015	INR	1.00	31.0	1,861.2	1,893.1	0.8	-	-	39.0	0.2	38.9	-	100.00%
58	Vidyut Investments Limited	24.03.2015	INR	1.00	250.1	(222.7)	27.7	0.3	-	-	1.6	0.5	1.1	-	100.00%
59	Gufic Pharma Limited	24.03.2015	INR	1.00	0.5	4.0	4.5	0.0	-	0.2	0.3	0.1	0.2	-	100.00%
60	Basics GmbH	24.03.2015	EURO	69.30	337.9	274.3	4,392.1	3,780.0	-	2,605.6	62.5	13.7	48.8	-	100.00%
61	Ranbaxy GmbH	24.03.2015	EURO	69.30	1.7	-	277.8	276.0	-	191.0	-	-	-	-	100.00%
62	"Ranbaxy Pharmaceuticals Ukraine" LLC	24.03.2015	UAH	2.40	95.9	6.4	235.7	133.4	-	639.9	9.0	1.9	7.1	-	100.00%
63	Sun Pharmaceuticals Morocco LLC (Formerly known as Ranbaxy Morocco LLC)	24.03.2015	MAD	6.47	79.2	(139.5)	926.9	987.3	-	884.6	81.8	4.4	77.4	-	100.00%
64	Sun Pharmaceutical Industries S.A.C. (Formerly known as Ranbaxy - PRP (Peru) S.A.C.)	24.03.2015	PEN	19.96	86.7	(180.6)	196.2	290.1	-	15.0	(22.0)	-	(22.0)	-	100.00%
65	Ranbaxy Holdings (U.K.) Limited	24.03.2015	GBP	80.83	2,469.9	111.8	2,589.9	8.3	-	-	(0.9)	-	(0.9)	-	100.00%
66	Ranbaxy Pharmacie Generiques	24.03.2015	EURO	69.30	1,729.0	(3,387.4)	659.9	2,318.3	-	1,334.1	163.4	-	163.4	-	100.00%
67	Office Pharmaceutique Industriel Et Hospitalier	24.03.2015	EURO	69.30	92.2	(13.6)	216.5	137.9	-	273.0	13.6	-	13.6	-	100.00%
68	Ranbaxy Italia S.P.A.	24.03.2015	EURO	69.30	3.5	19.0	1,314.3	1,291.9	-	1,365.2	(22.3)	13.2	(35.5)	-	100.00%
69	Ranbaxy Pharmaceutical Proprietary Limited	24.03.2015	ZAR	4.84	967.8	(2,083.0)	6,750.3	7,865.5	-	5,395.9	189.3	-	189.3	-	100.00%
70	Sonke Pharmaceuticals Proprietary Limited	24.03.2015	ZAR	4.84	9.7	240.8	2,670.8	2,420.3	-	6,566.0	195.5	-	195.5	-	70.00%
71	Ranbaxy South Africa Proprietary Limited	24.03.2015	ZAR	4.84	84.7	590.7	1,981.9	1,306.5	-	1,291.2	170.6	22.8	147.8	-	100.00%
72	Ranbaxy Egypt LLC	24.03.2015	EGP	3.55	342.0	(74.7)	480.6	213.4	-	237.2	(63.8)	3.0	(66.9)	-	100.00%
73	Rexcel Egypt LLC	24.03.2015	EGP	3.55	0.9	(11.8)	11.4	22.3	-	7.9	(7.8)	-	(7.8)	-	100.00%
74	Ranbaxy (U.K.) Limited	24.03.2015	GBP	80.83	1,758.1	(593.4)	2,036.8	872.2	-	1,558.7	74.2	16.1	58.1	-	100.00%
75	Ranbaxy (Poland) Sp. Z o.o.	24.03.2015	PLN	16.45	70.6	86.3	192.9	36.0	-	458.2	14.3	3.6	10.7	-	100.00%
76	Ranbaxy Nigeria Limited	24.03.2015	NGN	0.21	8.4	656.3	2,556.2	1,891.4	-	866.3	(79.3)	(39.3)	(40.0)	2.1	85.31%
77	Ranbaxy (Thailand) Company Limited	24.03.2015	THB	1.89	216.8	(56.1)	984.6	823.8	-	998.4	(86.4)	-	(86.4)	-	100.00%
78	Ohm Laboratories, Inc.	24.03.2015	USD	64.86	(2,354.8)	5,427.2	82,403.8	79,331.4	-	25,336.6	(1,995.8)	(684.7)	(1,311.1)	-	100.00%
79	Ranbaxy Laboratories, Inc.	24.03.2015	USD	64.86	1,951.1	12,156.1	92,020.4	77,913.2	-	14,485.5	6,614.1	2,354.2	4,259.8	-	100.00%
80	Ranbaxy Signature LLC	24.03.2015	USD	64.86	3.2	(191.4)	3.3	191.4	-	504.1	472.3	-	472.3	-	67.50%
81	Ranbaxy Pharmaceuticals, Inc.	24.03.2015	USD	64.86	(4,817.3)	13,283.7	181,560.9	173,094.5	-	29,422.6	2,958.4	1,095.5	1,862.9	-	100.00%
82	Ranbaxy Inc.	24.03.2015	USD	64.86	3,792.5	11,451.2	57,684.1	42,440.4	-	-	142.0	239.8	(97.7)	-	100.00%
83	Ranbaxy Ireland Limited	24.03.2015	EURO	69.30	492.9	11.8	532.9	28.2	-	1,181.7	138.2	-	138.2	-	100.00%
84	AO Ranbaxy (Formerly Known ZAO Ranbaxy)	24.03.2015	RUB	1.16	188.6	784.0	4,194.9	3,222.3	-	5,781.8	345.2	100.0	245.3	-	100.00%
85	Laboratorios Ranbaxy, S.L.U.	24.03.2015	EURO	69.30	69.3	184.8	1,239.7	985.6	-	1,426.2	98.7	-	98.7	-	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

₹ In Million

Part "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date since when subsidiary was acquired	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	% of Shareholding
86	Ranbaxy (Malaysia) Sdn. Bhd.	24.03.2015	MYR	14.65	117.2	218.2	1,312.4	976.9	-	1,396.4	79.2	-	79.2	-	71.22%
87	Ranbaxy Farmaceutica Ltda.	24.03.2015	BRL	20.59	357.6	(1,439.0)	970.5	2,051.8	-	1,239.1	57.2	-	57.2	-	100.00%
88	Ranbaxy Europe Limited	24.03.2015	GBP	80.83	0.8	147.2	148.1	0.1	-	-	(1.0)	(1.0)	(0.0)	-	100.00%
89	Sun Pharma ANZ Pty Ltd (Formerly known as Ranbaxy Australia Pty Ltd)	24.03.2015	AUD	49.61	863.2	(1,293.3)	1,042.4	1,472.5	-	1,679.2	34.2	-	34.2	-	100.00%
90	Ranbaxy Pharmaceuticals Canada Inc.	24.03.2015	CAD	48.57	109.3	223.4	950.0	617.3	-	1,857.5	(60.9)	-	(60.9)	-	100.00%
91	S. C. Terapia S.A.	24.03.2015	RON	15.23	381.1	10,643.9	13,699.6	2,674.6	-	9,040.1	2,420.1	343.7	2,076.4	-	96.70%
92	Be- Tabs Investments Proprietary Limited	24.03.2015	ZAR	4.84	0.0	17.3	17.3	0.0	-	-	0.1	-	0.1	-	100.00%
93	Ranbaxy (Netherlands) B.V.	24.03.2015	USD	64.86	37,932.6	15,137.4	53,146.0	76.0	-	0.0	1,227.6	(1.3)	1,228.9	-	100.00%
94	Insite Vision Incorporated	02.11.2015	USD	64.86	0.0	617.6	2,212.1	1,594.6	-	3.2	(86.2)	(70.4)	(15.8)	-	100.00%
95	Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company)	24.03.2015	INR	1.00	1.0	83.6	2,247.3	2,162.7	-	699.2	112.5	29.6	82.9	-	100.00%
96	JSC Biosintez	19.12.2016	RUB	1.16	0.3	857.6	4407.4	3549.5	-	3319.5	(7.2)	26.7	(33.9)	-	85.10%
97	Sun Pharmaceuticals Holdings USA, INC	18.11.2016	USD	64.86	20673.7	0.0	20673.7	0.0	-	0.0	-	0.0	-	-	100.00%
98	Foundation for Disease Elimination and Control of India	21.09.2016	INR	1.00	0.1	(1.2)	0.5	1.7	-	0.0	(1.2)	0.0	(1.2)	-	100.00%
99	Ocular Technologies SARL	15.12.2016	USD	64.86	1.4	(1.4)	0.0	0.0	-	0.0	0.0	0.0	0.0	-	100.00%
100	Sun Pharmaceutical Medicare Limited	16.01.2017	INR	1.00	2.5	(13.5)	1934.5	1945.5	-	0.0	(13.5)	0.0	(13.5)	-	100.00%

Note:

1 0.0' represents amount less than 0.05 million and rounded off

2 In respect of entities at Sr. Nos. 4 to 8, 62, 84, 94, 96, and 99 the reporting date is as of December 31, 2016 and different from the reporting date of the Parent Company. Adjustments have been made for significant transactions of these subsidiaries for the periods from January 01, 2016 to March 31, 2016 and January 01, 2017 to March 31, 2017, on the basis of their management accounts for the said periods.

3 The above does not include 3 Skyline LLC, One Commerce Drive LLC, Sirius Laboratories Inc, Perryton Wind Power LLC, Insite Vision Ltd., Dusa Pharmaceuticals New York Inc., Taro Pharmaceutical Laboratories Inc, Taro Pharmaceutical India Private Limited being subsidiaries of Taro Pharmaceutical Industries Ltd, Caraco Pharma Inc. 2 Independence Way LLC, URL PharmaPro LLC and Dungan Mutual Associates LLC as they have no operation and does not have any Assets, Liabilities or Equity as on the close of their Financial Year.

4 With effect from March 2, 2017, Sun Pharmaceutical Spain, S.L.U. has been liquidated.

5 With effect from February 16, 2017, Taro Hungary Intellectual Property Licensing Limited Liability Company has been liquidated.

6 Taro Pharmaceutical India Private Limited is under liquidation.

7 With effect from August 16, 2016 Dusa Pharmaceuticals New York, Inc. has been dissolved.

8 With effect from February 22, 2017 Sirius Laboratories Inc has been dissolved.

9 With effect from March 16, 2017, Thallion Pharmaceutical Inc., was acquired and merged with Taro Pharmaceuticals Inc.,

10 With effect from April 7, 2016 Perryton Wind Power LLC has been liquidated.

11 During the year, Solrex Pharmaceuticals Company, a partnership firm has been converted into company which is known as Sun Pharma Medisales Private Limited

12 MSD - Sun LLC is under liquidation.

13 MSD-Sun FZ LLC has been deregistered with effect from September 14, 2015 having deregistration certificate dated December 25, 2016.

14 Daiichi Sankyo (Thailand) Ltd.'s shares were sold as per agreement dated May 13, 2016.

15 With effect from April 01, 2015, URL Pharma Inc., has merged into Mutual Pharmaceutical Company, Inc.

16 With effect from April 01, 2015, AR Scientific Inc. have merged into URL Pharma Inc.

17 With effect from April 01, 2015, United Research Laboratories Limited, have merged into URL Pharma Inc.

18 During the previous year, the Company has sold its investment in Silverstreet Developers LLP with effect from April 01, 2015.

19 With effect from March 01, 2016, Ranbaxy Belgium N.V. has been liquidated.

20 With effect from June 30, 2015 Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda has been liquidated.

21 Zalicus Pharmaceuticals Limited was acquired during the previous year and subsequently amalgamated in Taro Pharmaceuticals Inc., on October 05, 2015.

22 With effect from November 02, 2015, Thea Acquisition Corporation has been merged with Insite Vision Incorporated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Part "B": Associate Companies and Joint Ventures

₹ In Million

Sr. No	Name of Associates/Joint Ventures	Artes Biotechnology GmbH	MSD - Sun LLC	S & I Ophthalmic LLC	Zenotech Laboratories Limited	Fraizer Healthcare VII, L.P.	Versant Venture Capital V, L.P.	scPharmaceuticals Inc.	Generic Solar Power LLP	Trumpcard Advisors and Finvest LLP	Medinstill LLC
		Jointly Controlled Entity			Associates						
1	Latest audited Balance Sheet Date	31-Dec-16	31-Mar-17	31-Mar-17	31-Mar-17	31-Dec-16	31-Dec-16	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
	Date of acquisition	13.02.2014	06.06.2011	28.10.2013	24.03.2015	24.10.2013	21.04.2014	29.12.2016	09.10.2015	31.03.2017	13.03.2014
2	Shares of Associate/Joint Ventures held by the company on the year end										
	No.	15,853	NA	NA	16,128,078	NA	NA	13,000,000	28,760	NA	1,999
	Amount of Investment in Associates/Joint Venture	244.9	0.7	184.0	-	1,437.0	951.5	794.4	0.0	312.5	1,110.3
	Extend of Holding %	45.00%	50.00%	50.00%	46.84%	6.83%	7.75%	14.58%	28.76%	40.61%	19.99%
3	Description of how there is significant influence	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Reason why the associate/ joint venture is not consolidated	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	47.8	-	184.0	-	1595.3	888.2	(396.0)	0.1	0.4	(443.7)
6	Profit / Loss for the year										
	i. Considered in Consolidation	(9.7)	-	(191.3)	NA	(12.8)	(28.8)	(48.8)	0.0	0.0	(166.2)
	ii. Not Considered in Consolidation	(11.8)	-	(191.3)	NA	(174.8)	(343.0)	(285.8)	0.0	0.0	(665.2)

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

UDAY V. BALDOTA
Chief Financial Officer

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 26, 2017

NOTES

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

Mr. Kalyanasundaram Subramanian
Whole-time Director (w.e.f. February 14, 2017)

S. Mohanchand Dadha
Director

Hasmukh S. Shah
Director

Keki M. Mistry
Director

Ashwin Dani
Director

Rekha Sethi
Director

Chief Financial Officer

Uday V. Baldota (upto June 19, 2017)
C. S. Muralidharan (w.e.f. June 19, 2017)

Company Secretary

Sunil R. Ajmera
email: secretarial@sunpharma.com

Auditors

Deloitte Haskins & Sells
Chartered Accountants, Mumbai

Registrars & Share Transfer Agents

Link Intime India Pvt. Ltd.
C 101, 247 Park,
L B S Marg, Vikhroli (West),
Mumbai – 400 083
Tel: (022)-49186000
Fax: (022)-49186060
E-mail: rnt.helpdesk@linkintime.co.in

Operational Manufacturing Plants

1. Silvassa, Dadra & Nagar Haveli, India.
2. Dadra, Dadra & Nagar Haveli, India.
3. Halol, Gujarat, India.
4. Panoli, Gujarat, India.
5. Ankleshwar, Gujarat, India.
6. Karkhadi, Gujarat, India.
7. Ahmednagar, Maharashtra, India.
8. Maduranthakamm, Tamil Nadu, India.
9. Dahej, Gujarat, India.
10. Mohali, Punjab, India.
11. Ponda, Goa, India.
12. Paonta Sahib, Himachal Pradesh, India.
13. Baddi, Himachal Pradesh, India.
14. Dewas, Madhya Pradesh, India.
15. Malanpur, Madhya Pradesh, India.
16. Toansa, Punjab, India.
17. Sun Pharma Laboratories Ltd.
    Jammu, Jammu & Kashmir, India.
18. Sun Pharma Laboratories Ltd.
    Ranipool, Sikkim, India.
19. Sun Pharma Laboratories Ltd.
    Setipool, Sikkim, India.
20. Sun Pharma Laboratories Ltd.
    Guwahati, Assam, India
21. Sun Pharmaceutical (Bangladesh) Ltd.
    Joydevpur, Gazipur, Bangladesh.
22. Taro Pharmaceuticals Inc.
    Brampton, Ontario, Canada.
23. Ranbaxy Egypt (L.L.C.)
    October City, Giza, Egypt.
24. Alkaloida Chemical Company Zrt
    Tiszavasvari, Kabay, Hungary.
25. Taro Pharmaceutical Industries Ltd.
    Haifa Bay, Israel.
26. Ranbaxy Malaysia Sdn. Bhd.
    Kuala Lumpur, Malaysia.
27. Sun Pharma de Mexico S.A.
    El Sifon, Iztapalapa, Mexico.
28. Ranbaxy Nigeria Limited
    Lagos, Nigeria.
29. S.C Terapia S. A. Cluj, Romania.
30. Ranbaxy Pharmaceuticals (Pty) Ltd.
    Roodepoort, Johannesburg,
    South Africa.
31. Chattem Chemicals, Inc.
    Chattanooga, USA.
32. Dusa Pharmaceuticals Inc.
    Wilmington, Massachusetts, USA.
33. Sun Pharmaceutical Industries Inc.
    Cranbury, New Jersey, USA.
34. Pharmalucence Inc.
    Billerica, Massachusetts, USA.
35. Ohm Laboratories, Inc.
    Brunswick, New Jersey, USA.
36. Sun Pharmaceutical Industries
    (Australia) Pty Ltd, Latrobe, Australia
37. Sun Pharmaceutical Industries
    (Australia) Pty Ltd, Port Fairy, Australia
38. JSC Biosintez, Penza, Russia

Offices

Registered Office

Sun Pharma Advanced Research Centre
(SPARC), Tandalja,
Vadodara – 390 020, Gujarat.

Corporate Office

SUN HOUSE, CTS No. 201 B/1,
Western Express Highway,
Goregaon (E), Mumbai 400063,
Maharashtra.

Major Research Centres

1. F.P.27, Part Survey No. 27,
   C.S. No. 1050, TPS No. 24, Village
   Tandalja, District, Vadodara - 390 020,
   Gujarat.
2. 17-B, Mahal Industrial Estate, Mahakali
   Caves Road, Andheri (East),
   Mumbai - 400 093, Maharashtra.
3. Village Sarhaul, Sector-18,
   Gurgaon - 122015 (Haryana).
4. Chemistry and Discovery Research
   Israel,
   14 Hakitor Street, P.O. Box 10347 Haifa
   Bay 2624761, Israel.
5. Taro Pharmaceuticals Inc.,
   130 East Drive, Brampton,
   Ontario L6T 1C1, Canada.
6. Ohm Laboratories Inc., Terminal Road,
   New Brunswick, New Jersey 08901
   USA

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concept, content and design at aicl [info@aicl.in]

BUSINESS RESPONSIBILITY REPORT

MESSAGE FROM THE DIRECTOR'S DESK

The means that lead to profitability are as important as profitability itself – if not more. Today's businesses have a larger responsibility towards a wide range of stakeholders; of which shareholders are a subset. This responsibility goes beyond the top-line and bottom-line, and extends across the triple bottom-lines of people, planet and profit.

AT SUN PHARMA, WE BELIEVE IN GENERATING AND DISTRIBUTING MORE VALUE FOR SHAREHOLDERS, WHILE IMPROVING THE QUALITY OF LIFE FOR THE WORKFORCE AND THE SOCIETY, AND CONSERVING THE ENVIRONMENT FOR OUR FUTURE GENERATIONS

This responsible approach is a characteristic of Sun Pharma since its inception, but four years ago we integrated all these components into one interconnected model based on the National Voluntary Guidelines (NVG). It helped in focussing our efforts towards all our stakeholders, be it patients, healthcare professionals, communities, planet, regulatory bodies, employees, or shareholders.

We extend the philosophy of enhancing the quality of life by focussing on three areas: Community Wellness, Environment Wellness and Employee Wellness.

COMMUNITY WELLNESS

Being one of the leaders in the generics segment of the global pharmaceutical industry, it is imperative for us to produce quality medicines that are more affordable and accessible to a larger population. Additionally, by continuing to enhance our Corporate Social Responsibility (CSR) efforts and simultaneously partnering with government and non-government organisations, we are making good health accessible to the local communities and society at large.

Other than medicines, we also undertake initiatives in education, water & sanitation, livelihoods and healthcare infrastructure. Need assessment is carried out, and based on that, various local level community programmes are undertaken. One of our major CSR programmes is the 'livelihood training model' where we empower people with employment-oriented skills. In FY17, we offered livelihood training to more than 150 people.

ENVIRONMENT WELLNESS

As we enhance the quality of life of our communities, we are simultaneously reducing our dependence on fast-depleting natural resources by implementing Clean Development Mechanism (CDM) projects at our operations.

We have a robust Environment, Health and Safety (EHS) policy which enhances the internal environment of the workplace and safeguards the external environment of the world. We also leverage technology to enhance our energy efficiency initiatives. In FY17, 3.1 million kWh of green energy was generated from our wind farm in Chennai. 'Zero Liquid Discharge' is the norm in many of our plants, while the remaining plants are leading towards it.

EMPLOYEE WELLNESS

Spread in 150 countries across 6 continents, our diverse team of over 30,000 employees embodies our values and helps us stay true to our responsibilities. We continue to invest in their professional growth and to inculcate the value of responsible growth in them. So, they understand that their progress is linked with the Company's advancement, community's upliftment and environment's protection. In FY17, almost 46% of our workforce was imparted safety and skill upgradation training.

This Business Responsibility Report (BRR) sums up our commitment to community, environment and all our stakeholders. I welcome your feedback on this report as your insights will help us enhance our triple bottom-line performance.

Regards,

Sudhir V. Valia
Whole-time Director

OVERVIEW

The world has always been divided between the Haves and the Have Nots, but never has this divide been so vast. The need of the hour is holistic, inclusive growth that leaves nobody behind. And the gigantic nature of the problem requires joint efforts by the government as well as the corporate world.

Being one of the leaders in the industry, with over 30,000 employees, 42 manufacturing sites and a portfolio of 2,000+ marketed products, we at Sun Pharma, strongly believe that business and responsibility go hand in hand. One without the other is incomplete. The real growth is at the intersection of the triple bottom-lines of people, planet and profit.

This Business Responsibility Report is our demonstration of the triple bottom-line approach to business. In accordance 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', the report enunciates our plans and actions to build our business responsibly.

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, TANDALJA, VADODARA - 390 020, GUJARAT
4	Website	http://www.sunpharma.com/
5	E-mail id	secretarial@sunpharma.com
6	Financial Year reported	01-April-2016 to 31-March-2017
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)	Imatinib | Cip-Isotretinoin | Kerastick
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	US, Japan, Romania, Canada, Russia
	(b) Number of National Locations	Facilities - Halol, Panoli, Karkhadi, Ankleshwar and Dahej (all in Gujarat), Baddi and Paonta Sahib (both in Himachal Pradesh), Mohali and Toansa (both in Punjab), Malanpur and Dewas (both in Madhya Pradesh), Ahmednagar (Maharashtra), Maduranthakam (Tamil Nadu), Dadra, Silvassa, Jammu, Sikkim, Goa, Guwahati. R&D Centres: Vadodara (Gujarat), Mumbai (Maharashtra), and Gurgaon (Haryana). Registered and Corporate offices: Vadodara (Gujarat) and Mumbai (Maharashtra) respectively. Pan-India Distribution Network
10	Markets served by the Company – Local/State/National/International	Over 150 markets served across 6 continents - Asia, North America, South America, Europe, Africa and Australia

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	Rs. 2,399 million
2	Total Turnover	Rs. 83,211 million (standalone)
3	Total profit after taxes	Rs. (349) million (standalone)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Due to losses recorded in the last 3 years, the company is not required to allocate any amount towards CSR. However, it has voluntarily spent Rs. 24.09 million on CSR activities for the year.
5	List of activities in which the above expenditure has been incurred	Refer Principle 8 'Equitable Development'

SECTION C: OTHERS 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%]	The Company has not instituted the processes to monitor/verify whether any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company

SECTION D: BR INFORMATION

1 a. Details of the Director/Director responsible for implementation of the BR (Business Responsibility) policy/policies:

1	# DIN Number	5561
2	# Name	Mr. Sudhir V. Valia
3	# Designation	Whole-time Director

b. Details of the BR head:

1	# DIN Number (if applicable)	Mr. Sudhir V. Valia, Whole-time Director of Sun Pharma, oversees the BR implementation. The Company does not have a BR head as of now
2	# Name	
3	# Designation	
4	# Telephone number	
5	# e-mail id	

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

		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 is 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? Is 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 FY17 can be accessed through the link: http://www.sunpharma.com/pdflist/alldocuments. It is published annually

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Good governance is the foundation of all growing and thriving organisations. At Sun Pharma, our governance standards are guided by our values and our policies. Robust processes are in place to ensure transparency and accountability. All employees, across hierarchies, are woven in a culture of ethics and integrity. This has resulted in an organisation which is not only responsible to the shareholders, but also to its other stakeholders like community and environment.

The key principles of our corporate governance philosophy are:

- High levels of transparency
- Accountability
- Consistent value systems
- Delegation of responsibility across all facets of operations

The key enablers to ensure the consistent implementation of these principles are:

Leadership

Our directors bring forth a global perspective on industry best practices and extensive experience, coupled with the spirit of entrepreneurship. They steer our growth journey and ensure that we remain on course towards a sustainable growth consistent with our values of integrity and accountability.

Board Committees

Core areas of governance are overseen by dedicated board committees to streamline the governance process.

Code of Conduct & Policy

At Sun Pharma, we nurture an environment of personal and professional growth for our employees, but their adherence to our Code of Conduct remains non-negotiable. Our Code provides a detailed illustration of how our employees must act and how situations arising from conflict of interest must be dealt with. Along with the Code, various policies on significant subjects are designed to cover all areas of operations.

In order to remain abreast with the best standards of governance, we continuously update our policies with the evolving environment. We also actively solicit feedback from all our stakeholders on our business conduct, and keep our code and policies updated. In this reporting year, we received 6 stakeholder concerns, all of which have been resolved.

PRINCIPLE 2: PRODUCT LIFE CYCLE SUSTAINABILITY

The nature of our business makes the health of our patients our top priority. Equally important though is the well-being of our community and the environment. So, we not only work to make our products affordable and accessible, but also take care to support the local economy and the global environment.

Affordable Access

Today we have the means to cure many a disease, but not the ability to ensure that every human being has access to it. Making these medicines accessible and affordable to them is the key for us as a leader in the generics segment of the global pharmaceutical industry. Our product agenda continues to be 'more the affordability of our products, more is our reachability to the patients'.

Moreover, we also reach out to those in acute necessity by distributing some of our critical life-saving products at no charge. Below are some of our products that have broken the affordability and accessibility barrier:

- **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.

Empowering Communities

While we continue working to make our products reach far and wide, we also work more to uplift our nearby communities. By sourcing local labour and material, we empower the community surrounding our plants. This not only gives them a bigger platform to work in, but also helps us reduce the carbon footprint.

We also invest in upskilling local talent and upgrading local suppliers. Quality of our products is not compromised as we raise the local capabilities to our benchmark standards. Credits are also advanced where necessary to enhance the capacity of the suppliers. Many of our facilities have identified and encouraged various such local vendors.

Enriching Environment

Environment is vital to our sustainability as we are dependent on nature for our survival and well-being. So, while we work for a better quality of life for the patients, we also put our efforts to increase the efficiency of our operations. For more details regarding this, please refer Principle 6 of this report.

Calculating our environmental performance per product, poses unique challenges, owing to a diverse product portfolio and complex production processes. We, therefore, monitor and manage our total annual water and energy performance vis-à-vis our total annual production.

Production:
API: 5,934 ton
Formulations: 20,384 million

Water usage: 2,880,482 KL

Energy Usage:

Electricity (kWh)	407,448,100
Gas (in '000 nm^3)	126,889
Furnace Oil (MT)	14,736
HSD (L)	1,077,700
Briquette (MT)	44,010

PRINCIPLE 3: EMPLOYEE WELL-BEING

Successful organisations have one thing in common - people empowered by an encouraging culture. At Sun Pharma, by ensuring safe working conditions, introducing friendly policies, and furthering growth opportunities and advanced learning options, we dovetail the personal goals of the employees with our business goals. We have in place, a comprehensive HR policy covering every aspect of an employee's life cycle in the organisation – from enrolment and emolument to retraining and retention.

The key tenets of Sun Pharma's talent management approach are:

Employee Engagement

A better engaged employee is a more productive employee. We have designed various platforms to encourage two-way communication with our employees. These are utilised to inform the employees about the goals and direction of the company and more importantly, to receive feedback from and allay apprehensions of the employees.

Continuous Learning

We invest substantially towards providing development opportunities to our employees, which are in line with their function and aptitude. This may include putting them through the in-house competency development mechanism as well as external training in elite institutions of repute, for the employees who have an aptitude to grow by learning.

Equality of Opportunity

At Sun Pharma, merit is the only prerequisite to growth. We celebrate diversity and discourage bias, discrimination and harassment. We nurture diversity by encouraging a fine amalgam of talent from different age groups, genders, castes, domains, religions, cultural backgrounds etc.

As of 31st March 2017, we had a total workforce, including all our subsidiaries, of over 30,000 permanent employees on our payroll of which, women employees accounted for 1,588 and 15 were employees with disabilities.

Freedom of Association

We continue to encourage Freedom of Association that seeks to constructively improve the employee's working experience and develops a conducive environment for achieving the employees' and our organisational goal. At present, there is a management-recognised employee association, which covers approximately 5% of our employee membership.

Health and Safety

Our robust Environment, Health and Safety (EHS) policy ensures that the employees have a safe environment and proper guidelines to follow. Strict compliance to ISO/OHSAS 18001 standards and adherence to the laws of the land are non-negotiable at Sun Pharma.

'Workplace Wellness' mantra is the key for improving the safety of our employees, where we continue to devote our resources in imparting safety training. It is designed in such a way that each employee is aware of all the safety rules to follow in operations, including when an emergency arises. The reporting year saw the safety and skill up-gradation training of approximately 46% of our employees, including 57% of women employees.

Reporting of accidents, injuries and near misses are encouraged to frame SOPs for the future, so that safer work practices can be adopted and unsafe practices identified and discarded.

The key ingredients of our occupational health and safety approach are:

- Safe Working Systems
- Use of Personal Protective Equipment (PPE)
- Safety Inspections & Audits
- Emergency Preparedness
- Safety Risk Management

Recognition & Recreation

The best performance comes when an employee is happy and satisfied for which, recreation and recognition are great enablers. A merit based module for rewarding talent has been designed and various means for recreation are planned. Some of these include:

- Special celebration to accord due recognition to the retiring employee
- Long-service award to recognise the loyalty and commitment of employees
- Family picnics to foster camaraderie

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

A relationship based on mutual trust and understanding is what we aim to share with our stakeholders. A robust engagement mechanism helps us achieve this. The three pillars of our engagement mechanism with our stakeholders are 'inclusivity', 'accountability' and 'responsibility'.

Inclusivity

For us, every stakeholder - whether minor or major, internal or external, deserves to be engaged in a free and fair manner. Here are some of the key stakeholders identified by us:

- Employees
- Neighbouring Communities
- Patients
- Healthcare Professionals
- Investors & Shareholders
- Vendors, Suppliers & Distributors
- Government & Regulators

Accountability

We are answerable to our stakeholders and this accountability helps us maintain our integrity. Timely information is provided and a considered response is sought, leading to a meaningful communication and fruitful collaboration. Some of the major platforms we use to communicate include:

- Corporate Website
- Annual Reports
- Quarterly Reports
- Investor Presentations
- Official Press Releases
- Vendor Meets
- Customer Feedback Sessions
- Dedicated Portals for Employees, Vendors and Field staff
- Participation in independent exhibitions (like CPHI)
- Social Media

Responsibility

Stakeholders influence our decisions and are also impacted by them. Various stakeholders have varying degrees of effect and we are committed to responsibly balance the interests of all stakeholders. Some may need more resource allocation, while the others may need more engagement. The initiative we design for them, take into consideration these differences and provide for more where required. For details, please refer Principle 8.

PRINCIPLE 5: HUMAN RIGHTS

Human rights form the backbone of a fair society. We adhere to the principle of human rights in letter and in spirit; regardless of the country, community, caste, creed, centre, cause or any other difference. Our comprehensive Human Rights Policy covering various principles ranging from freedom of association to freedom from harassment, applied across our locations is testament of our responsibility.

We are committed to and are compliant with all statutory laws and regulations, and have put in place grievance redressal mechanisms for violations, if any. In the reporting year, there were no human rights violation complaints, relating either to child, forced and involuntary labour or sexual harassment / discriminatory employment, against the Company.

PRINCIPLE 6: ENVIRONMENT

Conspicuous and inconsiderate consumption of natural resources, both directly and indirectly, is taking its toll on the environment. Not only is it depleting what nature has to offer, it is also polluting what remains in nature viz., air, water, land and biodiversity.

At Sun Pharma, we have taken cognisance of this fact and are acting in a manner so as to change this narrative. By investing in energy efficiency or reducing our consumption, we are not only making environmental sense, but also economic sense. We have embraced an all-encompassing Environment, Health & Safety (EHS) policy which etches out our concerns as well as the roadmap to resolve them.

Summarised below are our green must dos:

- Ensure statutory compliance
- Optimise natural resources
- Effect continuous improvement in environment management
- Innovate greener technologies and processes
- Spread green awareness across internal and external stakeholders

Waste Management

At Sun Pharma, we have well-documented SOPs for effective waste management which are executed and monitored on a continuous basis.

- Waste production is minimized at source itself
- Waste materials including solvents, wastewater, glass, plastic liners, fibre drums, metal drum sheets, HDPE sheets and waste oil are recycled. Initiatives consist of setting-up of effluent treatment plants, recycling through registered recyclers and engaging scrap

- vendors for materials like paper, plastic and HDPE. Fifteen of our units are Zero Liquid Discharge (ZLD) facilities, while 7 are in the process of obtaining the status
- Well-equipped solvent recovery systems enable us to recycle recovered solvents
- We ensure safe and responsible waste disposal as per government norms and at government approved sites

Energy Conservation

Reduction in energy consumption directly and positively impacts environment protection. At Sun Pharma, we are considering and adopting all available options to conserve as much energy as possible and reduce the environmental burden. These options broadly can be classified into two categories –using energy efficiently in manufacturing processes and tapping technology to generate green energy.

Greener Operations

We have undertaken a host of initiatives to reduce the consumption of energy in our processes. This was achieved through optimising the systems at various points, some of which are:

- Installation of boiler economisers and air pre-heaters
- Using condensate recovery pumps
- Hot water generation from jacket heat exchanger
- Generating steam from waste heat of the captive power plant
- Use of fuel-efficient packaged boilers that use heat from waste gases of engine exhaust
- Changing from chilled water to cooling water
- Two OLTC transformers installed to reduce power changeovers and DG utilisation
- Steam generation from exhaust gas and hot water generation from jacket heat
- Optimisation of cooling tower
- Old DG cooling tower replaced with low energy usage cooling tower
- Installation of Variable Frequency Drives (VFDs) to save energy at all AHUs
- Replacement of cooling tower fan blade to save power
- Use of energy efficient screw chillers and rotary air compressor with VFD
- Replacement of CFL and metal halide lamps with LED Lights

Green Investments

We are committed to generate more green energy and our investments, especially in the wind energy, are testament of our conviction. One of our facilities is dedicated towards harnessing the power of wind to generate energy. In FY17, we generated around 3.1 million kWh of clean energy.

Carbon Emission

Clean Development Mechanism (CDM) projects are implemented at our facilities by switching from 'conventional' furnace oil / light diesel oil boilers to 'eco-efficient' biomass briquette-based boilers. It not only restricts the emissions of our operations, but also achieves two more objectives:

- Social well-being: Generating additional earning opportunities for the local people
- Environmental well-being: Replacing fossil fuels by a carbon-neutral fuel

As of now, we have 9 functional facilities equipped with the biomass fuelled boilers, with a total steam generation capacity of 94.5 tph, increasing from the last year's 6 facilities and 54 tph capacity respectively.

As of 31st March 2017, there were no pending notices from pollution control boards.

PRINCIPLE 7: POLICY ADVOCACY

In a world where change is the only constant and changes in policies can affect businesses, it is imperative that we have a continuing dialogue with all the stakeholders who can have an impact on policy making.

As we are focussed on making affordable medicines accessible, we share our invaluable experience and leverage our leadership position to provide incisive insights and detailed inputs to key decision makers in planning better policies for the patients. Along with that, we also learn from the best practices of others in the industry. While we collaborate with various trade and industry associations, we are also members of:

- Indian Drug Manufacturing Association (IDMA)
- Indian Pharmaceutical Alliance (IPA)
- Bombay Chamber of Commerce and Industry
- Confederation of Indian Industry (CII)
- Pharmaceuticals Export Promotion Council of India (Pharmexcil)
- The Associated Chambers of Commerce of India (ASSOCHAM)
- The Federation of Indian Chambers of Commerce and Industry (FICCI)

PRINCIPLE 8: EQUITABLE DEVELOPMENT

Sustainable growth is achieved by a combination of economic and equitable development, where the inclusive economic progress supports the creation of healthy and vibrant communities, which in turn feed the economy.

At Sun Pharma, our community development programmes are intended to contribute towards a better quality of life for the people and uplift the marginalised sections of the society. We are guided by our comprehensive Corporate Social Responsibility (CSR) Policy which has also been posted on our website.

Health, education, water, infrastructure, livelihood and disaster relief are some of our important CSR focus areas; zeroed-in based on community needs assessment studies. The programmes range from large-scale, long-term projects to one-off need-specific initiatives. Some of the key initiatives during the financial year includes:

Distributing Medicines

We facilitate supply of medicines, either free of cost or at subsidised rates, to socio-economically challenged sections of the society. In view of their remote location, we continue to distribute medicines to monasteries in Sikkim, as well.

In the reporting period, we continued to dispense free Riluzole which is used in the treatment of Amyotrophic Lateral Sclerosis (a life-threatening disease) to all patients.

Beyond Medicines

Over and above providing medicines, we implement CSR programmes to benefit the community on a sustained basis and in priority areas. Our endeavours broadly focus on:

Healthcare | Quality Education | Infrastructure & Rural Development | Access to Safe Water & Sanitation | Disaster Relief

Healthcare Projects

Cancer Hospital

In FY16, to provide comprehensive cancer treatment to patients of a wider cross-section, we supported the establishing of the National Cancer Institute at Nagpur, Maharashtra in conjunction with Dr. Abaji Thatte Seva Aur Anusandhan Sansthan.

The construction of this 450-bed hospital is ongoing. Once commissioned, it will benefit 0.6 million patients every year.

Mobile Medical Units

Our mobile medical units are a joint initiative between HelpAge India and Sun Pharma Community Healthcare Society. These full-fledged clinic-on-wheels with an on-board doctor, provide consultation, medicines as well as awareness about preventive healthcare.

They serve towns like Halol, Ahmednagar, Mohali, Dewas, Toansa and Paonta Sahib, and treated 119,872 patients during the reporting period.

In addition to the Mobile Medical Units, 200 patients were provided free dialysis, while 1,210 patients benefitted through upgradation of PHC at Toansa and medical camp at Rail Majra.

Quality Education

We support education in two ways: (i) by upgrading and reinforcing the physical infrastructure that facilitates it, and (ii) by enhancing the quality of education in schools that surround our areas of operations.

During the reporting year, we focussed on schools at locations like Halol, Ankleshwar, Madurantakam, Panoli, Silvassa, and Toansa; and benefitted 2,090 students.

Infrastructure & Rural Development

Good infrastructure is a gift that keeps on giving. We focus more on rural infrastructure upgradation so as to ensure that they too become part of India's road to prosperity.

This year, we constructed road dividers at Paonta, strengthened the public distribution system at Madurantakam and initiated a traffic signalling project in the rural areas of Madurantakam.

Access to Safe Water & Sanitation

We promote preventive health care and sanitation by contributing to the Government of India's Swachh Bharat Kosh and by constructing toilets for community use. Additionally, we also conduct intensive Behavioural Change Communication (BCC) and Information, Education and Communication (IEC) Campaigns with the involvement of local stakeholders.

During the reporting year, we increased the toilet coverage in Madurantakam (Tamilnadu), Ahmednagar (Maharashtra) and Halol (Gujarat), benefitting 35 households. Additionally, our safe drinking water projects benefitted 1,021 students at Halol and Ahmednagar, and 500 people at Toansa.

PRINCIPLE 9: CUSTOMER VALUE

All our policies and processes finally transform into products for the customer, making them our key stakeholders. Our customer-centricity approach hence encompasses a gamut of propositions:

- Delivering affordable medicines and increasing their accessibility
- Practising stringent quality standards to ensure safe, effective and easy to use products
- Soliciting customers' feedback, insights and timely addressing their issues

Active Engagement

We engage with our customers who are spread globally, through a two-way interactive process:

Give:

We disclose detailed information for all our products, which also complies with all applicable labelling codes and specifications. We also deal with customers in a transparent and ethical manner, eliminating any form of miscommunication or misunderstanding. Our employees' engagement with the customer is governed through the Code of Conduct.

Take:

Our constant engagements provide us with valuable feedback from customers and helps us identify and address issues, if any. In the reporting year, although no formal survey was carried out, our medical representatives continued to seek suggestions in person, from doctors and pharmacists. Our 'Customer Centricity Policy' also directs our employees to be receptive towards customer's needs and concerns.

In the last eight years, no material case regarding dishonest trade practices or irresponsible advertising have been filed against Sun Pharma by any stakeholder.

Product Safety

Quality is a must-have and a must-drive for any pharmaceutical major. Incorporating pharmaco-vigilance SOPs to methodically examine, detect and gauge any adverse effects which may arise in or due to our products, is thus crucial for us. This mechanism allows us to eliminate adversities at the lab phase itself. Being a global leader in our segment, we keep raising the bar further in terms of product safety throughout our value-chain, with support from our R&D experts.

To keep an all-encompassing and updated database of unfortunate events, a holistic quality management system is in place. Our website has an 'adverse impact reporting form' which can be accessed by healthcare as well as non-healthcare stakeholders. The reporter's identity is kept confidential and is diligently protected to encourage free and fair feedback. On receiving the feedback, the information is used for systematic benefit-risk ratio assessment of the medicine.

Specialty Healthcare

A medicine truly becomes a breakthrough, when it addresses an unmet medical need and at the same time it becomes accessible and affordable to all. With improving mortality rates, the need for specialty medicines have increased, but its affordability is a challenge. We are trying to put our efforts in overcoming this challenge.

Another space we are investing in, is to make these affordable medicines accessible to a larger footprint. We continue to expand geographically to cater maximum people in our niche therapy areas of dermatology, psychiatry, diabetes, neurology, cardiology, nephrology, gastroenterology, orthopaedics, oncology and ophthalmology.

Sun Pharmaceutical Industries Limited

Registered Office: SPARC, Tandalja, Vadodara – 390 020, India.
Tel: 0265-6615500/600/700 **Fax:** 0265-2354897
Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway,
Goregaon-East, Mumbai - 400 063, India. **Tel:** 022-43244324 **Fax:** 022-43244343
CIN : L24230GJ1993PLC019050
Website: www.sunpharma.com **Email:** secretarial@sunpharma.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty-Fifth Annual General Meeting** of the Members of **SUN PHARMACEUTICAL INDUSTRIES LIMITED** will be held on **Tuesday, September 26, 2017, at 10:45 a.m. 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 (including audited consolidated financial statements) of the Company for the financial year ended March 31, 2017 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. Sailesh T. Desai (DIN: 00005443), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Israel Makov (DIN: 05299764), who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and appoint Statutory Auditors of the Company and to authorize the Board of Directors to fix their remuneration and in this regard to consider and if thought fit to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), S R B C & Co LLP, Chartered Accountants (Firm's Registration No. 324982E / E300003) be and are hereby appointed as the Statutory Auditors of the Company for a term of 5 (Five) consecutive years to hold office from the conclusion of this 25th Annual General Meeting until the conclusion of the 30th Annual General Meeting of the Company, at such remuneration (exclusive of applicable taxes and reimbursement of out of pocket expenses) as shall be fixed by the Board of Directors of the Company in consultation with them."

SPECIAL BUSINESS:

6. **To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the Company hereby ratifies the remuneration as set out in the Explanatory Statement annexed to this Notice payable to M/s. Kailash Sankhlecha & Associates, Cost Accountants, appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2017-18;

   RESOLVED FURTHER THAT the Board of Directors of the Company 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."

7. **To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Mr. Kalyanasundaram Subramanian (DIN: 00179072), who was appointed as an Additional Director by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. **To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT in accordance with the provisions of Sections 196, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment(s) thereof for the time being in force) read with Schedule V to the Act, relevant provisions of the Articles of Association of the Company and subject to such sanction(s) as may be necessary under law, Mr. Kalyanasundaram Subramanian (DIN: 00179072), be and is hereby appointed as the Whole-time Director of the Company for a period of two years effective from his initial date of appointment i.e. February 14, 2017 to February 13, 2019, without any remuneration, on such terms and conditions as stated below and as set out in the draft Agreement, which draft Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or draft Agreement, in such manner as may be agreed to between the Board of Directors and Mr. Kalyanasundaram Subramanian within and in accordance with the provisions of the Act or any amendment thereto and if necessary, as may be prescribed by the Central Government and agreed to between the Board of Directors and as may be acceptable to Mr. Kalyanasundaram Subramanian;

The main terms of appointment of Mr. Kalyanasundaram Subramanian ("Mr. Kal") as a Whole-time Director as recommended by Nomination and Remuneration Committee and approved by the Board of Directors are as under:

1. Subject to the supervision and control of the Board of Directors and subject to the provisions of the Companies Act, 2013, the Whole-time Director will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors and the Managing Director. He will report to Mr. Dilip S. Shanghvi, Managing Director, of the Company. He is further authorised to do all such acts, deeds, things and matter as may be required to do, as the Whole-time Director. The Appointee shall perform such duties and exercise such powers as are additionally entrusted to him by the Board.

2. **Remuneration:** No remuneration shall be payable to Mr. Kal for his appointment as Whole-time Director of the Company, His Appointment would be at Nil remuneration, however, he will be entitled for reimbursement of expenses incurred while discharging his duties as the Director of the Company.

3. **Other Terms and Conditions: The appointment of Mr. Kal as the Whole-time Director of the Company would be subject to the provisions of Section 152 (6) of the Companies Act, 2013, i.e. Mr. Kal would be liable to retire by rotation.**

The appointment as Whole-time Director will be terminable as per the terms of agreement to be executed between the Company and Mr. Kal or upon Mr. Kal ceasing to be a Director of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as they may deem fit, expedient or desirable to give effect to this Resolution."

9. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V to the Act, relevant provisions of Articles of Association of the Company and subject to such sanction(s) as may be necessary under law, Mr. Dilip S. Shanghvi (DIN: 00005588), be and is hereby re-appointed as the Managing Director of the Company for a further period of 5(five) years from the expiry of his present term of office i.e. with effect from April 1, 2018 to March 31, 2023, on such terms and conditions (including the remuneration to be paid to him) as stated below and as set out in the draft Agreement, which draft Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or draft Agreement, in such manner as may be agreed to between the Board of Directors and Mr. Dilip S. Shanghvi within and in accordance with Act or such other applicable provisions or any amendment thereto and, if necessary, as may be prescribed by the Central Government and agreed to between the Board of Directors and as may be acceptable to Mr. Dilip S. Shanghvi;

"RESOLVED FURTHER THAT further to the resolutions passed at the 20th Annual General Meeting of the Company held on November 8, 2012, 22nd Annual General Meeting held on September 27, 2014 and 24th Annual General Meeting of the Company held on September 17, 2016 for 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 Companies Act, 2013 ('the Act') read with Schedule V to the Act(including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of the Central Government, as may be required, and such other permissions, sanction(s) as may be necessary under law, the consent of the Members of the Company, be and is hereby accorded for remuneration to be paid to Mr. Dilip S. Shanghvi, Managing Director of the Company for a period of 3(three) years from the expiry of his present term of office i.e. with effect from April 1, 2018 to March 31, 2021, including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period, as stated below and as set out in the above mentioned draft Agreement which is hereby specifically sanctioned with the liberty to the Board of Directors to alter, vary and modify the terms and conditions of the remuneration, in such manner as may be agreed to between the Board of Directors and
Mr. Dilip S. Shanghvi within and in accordance with the limits prescribed in Schedule V to the Act or any amendment thereto and if necessary, as may be prescribed by the Central Government and agreed to between the Board of Directors and as may be acceptable to Mr. Dilip S. Shanghvi;

a. Salary (including bonus and perquisites) upto ₹ 8,10,00,000/- (Rupees Eight Crore Ten Lakhs Only) per annum.

   Perquisites: He will be entitled to furnished/non-furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession 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 ₹ 75,00,000/- (Rupees Seventy Five Lakhs only) per annum

b. 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 under sections 197 and 198 of the Companies Act, 2013 and Schedule V to the Companies Act, 2013 as may be applicable from time to time. He shall not be entitled to any sitting fees as is payable to other Non-Executive Directors.

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, though payable, shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.

d. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, Mr. Dilip S. Shanghvi shall be entitled to receive a total remuneration including perquisites, etc. upto the limit as approved by the members herein above, as minimum remuneration, subject to receipt of such approvals as may be required, if any.

e. Other terms and conditions: Subject to the control and supervision of the Board of Directors and subject to the provisions of the Act, Mr. Dilip S. Shanghvi shall have the general conduct and management of the affairs of the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company is authorised to exercise and all such powers, acts or things which are directed or required by the Act or any other Law or by the Articles of Association of the Company except such powers/acts/things which can be exercised or done by the Company in General Meeting or by the Board of Directors at their Meeting only. Mr. Dilip S. Shanghvi to perform such duties and exercise such powers as are additionally entrusted to him by the Board and/ or the Chairman. He is further authorised to do all such acts, deeds, things and matters as he may be required or permitted to do, as a 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), i.e. the salary, perquisites, allowances, etc. within such prescribed limit or ceiling and the aforesaid draft Agreement between the Company and Mr. Dilip S. Shanghvi be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required under law;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as they may deem fit, expedient or desirable to give effect to this Resolution."

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ('the Act') read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Act and the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and other applicable provisions of the Listing Regulations, if any (including any statutory modification(s) or re-enactment(s) to any of the foregoing, for the time being in force), and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Company to enter / continue to enter into transactions of sales and/ or purchase of products or other transactions as the Board of Directors of the Company may deem fit and proper, from time to time with Aditya Medisales Limited having CIN: U24230GJ1990PLC014535, (hereinafter referred to as "AML"), which in the near future will become a related party of the Company in terms of section 2(76) of the Act and regulation 2(zb) of the Listing Regulations, on such terms and conditions as may be mutually agreed to between the Company and AML, subject to each transaction with AML being entered on an arm's length basis irrespective of whether the same is in the ordinary course of business or not;

RESOLVED FURTHER THAT the Board of Directors of the Company or any other person(s) authorised by them, be and are hereby authorised to execute, deliver and perform such agreements, contracts, deeds and other documents and deal with any matters, take necessary steps in the matter as they may in their absolute discretion deem necessary or expedient and to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction(s) with AML, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution, in the best interest of the Company."

By order of the Board of Directors
For Sun Pharmaceutical Industries Ltd.

Place: Mumbai
Date: May 26, 2017

Sunil R. Ajmera
Company Secretary

Registered Office:
SPARC, Tandalja
Vadodara - 390 020.
CIN: L24230GJ1993PLC019050

Website: www.sunpharma.com

* The actual equity dividend to be declared by the shareholders at the 25th 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 March 31, 2017 in accordance with the Rules framed by the Board as per Note No.14 hereinafter appearing.

NOTES:

1. The relative Explanatory Statement, pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the 25th Annual General Meeting of the Company (the "Meeting" or "AGM") under Item Nos. 6 to 10 and for resolution relating to Appointment of Auditors

under Item No. 5 of this Notice, is annexed hereto. The relevant details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), in respect of the persons seeking appointment / re-appointment as Director and/or relating to remuneration of Directors is given under the heading "PROFILE OF DIRECTORS" forming part of this Notice.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.

3. 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.

4. Pursuant to the provisions of Section 105 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 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.

5. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per Register of Members will be entitled to vote.

6. Corporate members intending to send their authorized representatives to attend and vote on their behalf at the Meeting are requested to send to the Company a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing their representative(s) to attend along with specimen signature of authorized representative(s).

7. Members/ proxies / Authorised Representatives should bring their attendance slips duly filled in for attending the Meeting.

8. The Proxies should carry their identity proof i.e. a Pan Card / Aadhaar Card / Passport / Driving License / Voter ID Card or such other proof(s) to prove their identity.

9. The Register of Members and Share Transfer Books of the Company will be closed from **Wednesday, September 20, 2017 to Tuesday, September 26, 2017** (both days inclusive) for the purpose of the 25th AGM and for the payment of Dividend.

10. The Notice of this 25th Annual General Meeting (AGM) along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Physical copies of the Notice of AGM along with Annual Report are being sent, by the permitted mode, to those members whose email addresses are not registered and the members who have specifically requested for the physical copy in addition to e-mail. A copy of the Notice of the Meeting along with the Annual Report 2016-17 is also available for download on the website of the Company www.sunpharma.com. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with our Registrar & Share Transfer Agent, Link Intime India Private Limited / Depositories.

11. Relevant documents / agreements referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company and copies thereof at the Corporate Office of the Company on all working days, except Saturdays, between 11:00.a.m. and 1:00.p.m. upto the date of the Meeting and at the venue of the Meeting during Meeting hours.

12. 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.

13. The Board of Directors at its Meeting held on May 26, 2017, recommended a Dividend of ₹ 3.50/- (Rupees Three and paise fifty only) per Equity Share of ₹ 1/- each of the Company for the year ended March 31, 2017 and the same if declared at the Meeting will be paid on or before Friday, September 29, 2017 to the Company's Equity Shareholders whose name stand on the Register of Members as beneficial owners at the close of business hours on Tuesday, September 19, 2017 as per the list provided by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") in respect of shares held in electronic form and as Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before Tuesday, September 19, 2017.

14. At the Extra Ordinary General Meeting of the members of the Company held on Monday, September 1, 2003, the Members had approved, by way of a Special Resolution, certain amendments whereby few Articles were inserted in the Articles of Association of the Company relating to enabling the Company to implement any instruction from 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. The above referred amendments as approved at the aforesaid Extra Ordinary General Meeting have been retained and are *inter alia* forming part of new set of Articles of Association adopted at the last Annual General Meeting of the Company held on Saturday, September 17, 2016. Thus the Members of the Company can 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 March 31,

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 March 31, 2017 shall fill up the form and send it to the Company's Registrars on or before Tuesday, September 19, 2017. 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 for download on the Company's website www.sunpharma.com under section "Investor - Shareholder's Information- Statutory Communication" or can also be obtained from the Company's Registrars and Share Transfer Agents, Link Intime India Private Limited.

THE BOARD OF DIRECTORS OF THE COMPANY AT ITS MEETING HELD ON SEPTEMBER 1, 2003 HAVE FRAMED THE FOLLOWING RULES UNDER OLD ARTICLE 190A (CORRESPONDING ARTICLE NO. 142 AS PER THE NEW SET OF ARTICLES OF ASSOCIATION) 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/her 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 cannot 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 authorized 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.

15. Pursuant to Section 124 of the Companies Act, 2013, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund ("IEPF"). The Company will be transferring the unclaimed dividends during the financial years ending March 31, 2018 to March 31, 2024 as given below:

Pertaining to Sun Pharmaceutical Industries Limited

Dividend for Financial Year	Date of Declaration of Dividend entitled	Rate of Dividend	Last date for claiming unpaid Dividend	Due Date for transfer to IEP Fund
2009-2010	24.09.2010	₹ 13.75 per share of ₹ 5/- each	23.09.2017	22.10.2017
2010-2011	16.09.2011	₹ 3.50 per share of ₹ 1/- each	15.09.2018	14.10.2018
2011-2012	10.08.2012	₹ 4.25 per share of ₹ 1/- each	09.08.2019	07.09.2019
2012-2013	30.09.2013	₹ 2.50 per share of ₹ 1/- each	26.09.2020	25.10.2020
2013-2014	27.09.2014	₹ 1.50 per share of ₹ 1/- each	27.09.2021	26.10.2021
2014-2015	31.10.2015	₹ 3.00 per share of ₹ 1/- each	30.10.2022	29.11.2022
2015-2016	17.09.2016	₹ 1.00 per share of ₹ 1/- each	16.09.2023	15.10.2023

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Pertaining to erstwhile Ranbaxy Laboratories Limited

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
31.12.2010	09.05.2011	₹ 2 per share of ₹ 5/- each	08.05.2018	06.06.2018

Members who have not encashed their dividend warrants, for the financial year ended March 31, 2010 and onwards are requested to approach the Company's Registrar & Share Transfer Agents, Link Intime India Private Limited at C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai – 400083, Maharashtra, India for revalidating the warrants / obtaining duplicate warrants to claim their Dividend. The Dividend declared for the financial year ended March 31, 2010 and remaining unpaid and unclaimed, will be transferred to the Investor Education and Protection Fund (IEPF) by October 22, 2017. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 17, 2016 (date of the last Annual General Meeting of the Company) on the website of the Company viz., 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.

The Shareholders may note that pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time ("the Rules"), the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall be transferred to the demat account created by the IEPF Authority. The details of Shares liable to be transferred to the IEPF Authority are available on website of the Company www.sunpharma.com under head "Investor" sub-head "Shareholder Information" These shares will be transferred to the IEPF Authority as per the requirements of Rules.

As mentioned above, the dividend / shares, post transfer to IEPF Authority (including dividend already transferred to IEPF Authority), may be claimed by the shareholder(s) directly from the IEPF Authority by following the steps/procedure mentioned hereunder:

i) Download the form IEPF-5 from the website of IEPF (http://www.iepf.gov.in) for filing the claim for refund. Read the instructions provided on the website/ instruction kit along with the e-form carefully before filling the form.

ii) After filling the form save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading an acknowledgement will be generated indicating the SRN. Please note the SRN for future tracking of the form.

iii) Take a printout of the duly filled IEPF-5 and the acknowledgement issued after uploading the form.

iv) Submit indemnity bond in original, copy of acknowledgement and self-attested copy of e-form along with the other documents as mentioned in the Form IEPF-5 to Mr. Ashok Bhuta, Nodal Officer (IEPF) of the Company at its registered office in an envelope marked "Claim for refund from IEPF Authority".

v) Claim forms completed in all aspects will be verified by the Company and on the basis of Company's verification report, refund will be released by the IEPF Authority in favor of claimants' Aadhaar linked bank account through electronic transfer.

16. The Members of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited, erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited, who have not yet sent their share certificates of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited, erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories 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, erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited are no longer tradable/ valid.

17. The Members may be aware that the Equity Shares of the Company had been subdivided from 1 (One) equity share of ₹ 5/- each to 5 (Five) equity shares of ₹ 1/- each on November 29, 2010 based on the Record Date of November 29, 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 November 12, 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 are requested to send the same to the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited since the old share certificates of ₹ 5/- each are no longer tradable.

18. Please note that as per the Notification of SEBI, Company's shares are under compulsory Demat trading with effect from November 29, 1999 for all the investors. You may, therefore, demat your equity share holdings if not already dematted, to avoid any inconvenience.

19. Route map along with prominent landmark to the Venue of the Meeting is provided at the end of this Notice.

20. Voting through electronic means – remote E-voting.

1) In accordance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 ('the Rules') including any amendments thereto, the Company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 25th Annual General Meeting. The Company has appointed Central Depository Services (India) Limited (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 Tuesday, September 19, 2017.

3) The remote e-voting period begins on **Saturday, September 23, 2017 at 09.00 a.m.** and ends on **Monday, September 25, 2017 at 05.00 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 i.e. Tuesday, September 19, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

4) The facility for voting through electronic means shall also be made available at the Meeting and Members of the Company as of cut-off date, attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the meeting but shall not be entitled to cast their vote again.

5) Mr. Chintan Goswami, proprietor of M/s C. J. Goswami and Associates, Practicing Company Secretaries, Mumbai, has been appointed by the Board of Directors of the Company, as the Scrutinizer to scrutinize the e-voting process (remote e-voting and e-voting at the venue) in a fair and transparent manner and has communicated his willingness to be appointed as such and that he is available for the said purpose.

6) The Procedure and instructions for e-voting are as under:

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on **Saturday, September 23, 2017 at 09.00 a.m.** and ends on **Monday, September 25, 2017 at 05.00 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 **Tuesday, September 19, 2017**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders / Members tab.

(iv) 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.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

Any person who becomes a member of the Company after dispatch of the Notice and holds shares of the Company as on the cut-off date ie. Tuesday, September 19, 2017 and whose PAN is not registered with the Company may obtain the sequence number detail by writing to the Company at rnt.helpdesk@linkintime.co.in or secretarial@sunpharma.com or contact Mr. Ashok Bhuta, Compliance Officer.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for Sun Pharmaceutical Industries Limited to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same 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.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same and send the scan copy of the Board resolution/ POA to scrutinizer@sunpharma.com.

(xx) 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

Any person having any grievances in connection with remote e-voting may write to:

Name:	Mr. Rakesh Dalvi,
Designation:	Deputy Manager
Address:	Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Fort, Mumbai – 400001.
Email id:	helpdesk.evoting@cdslindia.com
Phone number:	18002005533

7) The Scrutinizer will, immediately after the conclusion of e-voting at the Meeting, start scrutinizing the votes cast at the Meeting by electronic means and votes cast through remote e-voting and prepare a consolidated Scrutinizer's Report and submit thereafter to the Chairman of the Meeting or any person authorised by him in writing. The result declared along with the consolidated Scrutinizer's Report will be placed on the Company's website at www.sunpharma.com and on the website of CDSL at www.evotingindia.com within 48 hours of the conclusion of the Meeting. The Company will simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.

PROFILE OF DIRECTORS

(Details of Directors proposed to be appointed/ reappointed and/or whose remuneration is proposed to be increased)

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and as required under Secretarial Standard on General Meetings issued by the institute of Company Secretaries of India (SS – 2), the particulars of Directors who are proposed to be appointed / reappointed and/or whose remuneration is proposed to be increased at this 25th Annual General Meeting, are given below:

The details of Board and Committee Meetings attended by these Directors during the year 2016-17 are stated in the Corporate Governance Report which forms part of the Annual Report.

The details of remuneration, wherever applicable, are provided in the respective resolution(s) and/or in the respective Explanatory Statement(s).

Particulars	Mr. Sailesh T. Desai	Mr. Israel Makov	Mr. Dilip S. Shanghvi	Mr. Kalyanasundaram Subramanian ("Mr. Kal")
Age:	62 Years	78 Years	61 Years	63 Years
Brief resume of the Director including nature of expertise in specific functional areas:	Mr. Sailesh T. Desai 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.	Mr. Israel Makov is a Non-executive Chairman of the Company since May 29, 2012. He is also the former President and CEO of Teva Pharmaceutical Industries Ltd. He joined Teva in 1995 and led the company's global expansion, managing over 12 acquisitions, two of which were the largest M&A deals in the Israeli history at the time. Under Mr. Makov's 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 is Chairman of BioLight – an emerging global ophthalmic company focused on the discovery, development and commercialization of products for ophthalmic conditions and Chairman of Micromedic Technologies Ltd. - a cluster of companies engaged in cancer diagnostics. 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. Israel Makov holds a B.Sc. in Agriculture and M. Sc in Economics from the Hebrew University, Jerusalem.	Mr. Dilip S. Shanghvi is a graduate in commerce from the Kolkata University. He is the Managing Director of the Company and Chairman & Managing Director of Sun Pharma Advanced Research Company Ltd. He is the founding partner of Sun Pharmaceutical Industries, a firm which was later converted into Sun Pharmaceutical Industries Limited (SPIL) in 1993. Under his leadership, SPIL has recorded an all-round growth in business. He has extensive experience in the pharmaceutical industry. As the promoter of SPIL, he has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in the Company. Mr. Shanghvi was conferred with the prestigious 'Padma Shri' award by the Hon'ble President of India in the year 2016. He is recipient of several awards as listed under 'Recognition or Awards' in point 3 of Clause II of 'Statement of Information provided under Schedule V' in the Explanatory Statement.	Mr. Kal joined Sun Pharmaceutical Industries Limited (SPIL) in January 2010 after 22 years with GSK in various parts of the world. Mr. Kal is a Chemistry graduate and a Chartered Accountant from India with 37 years of experience of which some 30 years in the pharmaceutical industry. Mr. Kal's career in Pharma industry began when he joined Burroughs Wellcome, in New Zealand as Commercial Advisor in 1988. His long and varied career with Burroughs Wellcome in New Zealand which was acquired by Glaxo to become GlaxoWellcome and finally GlaxoSmithKline, includes assignments as Vice President, head of Classic Brands business of Emerging Markets; Area Director South Asia & Managing Director, GSK India; Managing Director – GlaxoWellcome, Singapore (Singapore, Indochina & Myanmar). Commercial Director - Burroughs Wellcome, New Zealand. In 2010, Mr. Kal Joined SPIL as the Chief Executive Officer to manage India and Emerging Markets (EM) and was a board member of the Company. Mr. Kal was instrumental in Merck (MSD) and SPIL's collaboration and spearheaded opening of SPIL operations in few important markets such as Japan, MENA. In 2012, Mr. Kal moved to USA to assume responsibility for Taro operations in North America. In Jan 2017, Mr. Kal moved back to India to manage India and EM regions of SPIL.
Date of First appointment on the Board:	March 25, 1999	May 29, 2012	March 1, 1993	February 14, 2017
Directorship held in other companies (excluding foreign companies & section 8 companies):	Sun Pharma Laboratories Limited Sun Pharmaceutical Medicare Limited Universal Enterprises Private Limited	NIL	Sun Pharma Advanced Research Company Limited Sun Petrochemicals Private Limited Alfa Infraprop Private Limited Aditya Clean Power Ventures Private Limited	Sun Pharma Laboratories Limited
Membership / Chairmanships of Committees of other public Companies:	1. Member - Nomination and Remuneration Committee of Sun Pharma Laboratories Limited	NIL	1. Member - Corporate Social Responsibility Committee of Sun Pharma Advanced Research Company Limited 2. Chairman - Fund Management Committee of Sun Pharma Advanced Research Company Limited 3. Chairman - Rights Issue Committee of Sun Pharma Advanced Research Company Limited	1. Member - Corporate Social Responsibility Committee of Sun Pharma Laboratories Limited
Inter-se Relationship between Directors:	-	-	Mr. Dilip S. Shanghvi is Brother-in-law of Mr. Sudhir V. Valia	-
No. of Shares held in the Company (singly or jointly as first holder) as on March 31, 2017:	3740747 Equity Shares	NIL	230285690 Equity Shares	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the special business set out at Item Nos. 6 to 10 of the accompanying Notice dated May 26, 2017.

Explanatory Statement setting out the material facts for resolution set out at Item No. 5 of the accompanying Notice relating to appointment of Auditors is also given hereunder.

Item No. 5:

Pursuant to provisions of Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 and on completion of the term (including the cooling period of three years granted under the Act) of the existing Statutory Auditors namely, Deloitte Haskins and Sells, LLP, Chartered Accountants, the Audit Committee and the Board of Directors of the Company has recommended appointment of S R B C & Co. LLP, Chartered Accountants (Registration No. 324982E / E300003) as the Statutory Auditors of the Company for a term of 5(five) consecutive years to hold office from the conclusion of this 25th Annual General Meeting until the conclusion of the 30th Annual General Meeting of the Company at such remuneration (exclusive of applicable taxes and reimbursement of out of pocket expenses) as shall be fixed by the Board of Directors of the Company in consultation with them. Their appointment shall be subject to ratification by the members as may be applicable under the provisions of the Act or rules made thereunder from time to time.

S R B C & Co. LLP, Chartered Accountants have consented to act as Statutory Auditors and have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have also confirmed, that they are not disqualified to be appointed as Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014 and that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Board recommends the Resolution as set out at item no. 5 of the Notice for approval of the Members as an Ordinary Resolution.

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

Item No. 6:

M/s. Kailash Sankhlecha & Associates, Cost Accountants, has been appointed as the Cost Auditors by the Board of Directors of the Company on recommendation of the Audit Committee for conducting audit of cost records pertaining to the formulations and bulk drugs activities of the Company for the financial year ending March 31, 2018 at a remuneration of ₹ 19,12,000/- (Rupees Nineteen Lakhs Twelve Thousand Only) excluding reimbursement of out of pocket expenses and applicable taxes.

In terms of provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, members ratification is required for remuneration payable to the Cost Auditors.

Therefore, consent of the members of the Company is sought for passing of an Ordinary Resolution as set out at Item No. 6 for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

The Board recommends the Resolution as set out at item no. 6 of the Notice for approval of the Members as an Ordinary Resolution.

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

Item No. 7 and 8

Mr. Kalyanasundaram Subramanian ('Mr. Kal') had been appointed as an Additional Director effective from February 14, 2017 by the Board of Directors of the Company at its meeting held on February 14, 2017 on recommendation of the Nomination and Remuneration Committee of the Company. In terms of Section 161(1) of the Companies Act, 2013, Mr. Kal holds office upto the date of the ensuing Annual General Meeting. The Board of Directors at the same meeting had also appointed Mr. Kal as a Whole-time Director, for a period of two years effective from February 14, 2017 to February 13, 2019 without any remuneration, subject to approval of the members of the Company.

As required under section 160 of the Companies Act, 2013, the Company has received a Notice along with requisite deposit from a member proposing the candidature of Mr. Kal for his appointment as Director of the Company.

Mr. Kal fulfils all the conditions given under section 196(3) and Schedule –V to the Companies Act, 2013 for being eligible for his appointment. He is not disqualified in terms of section 164 of the Companies Act, 2013 from being appointed as Director and has given his consent to act as Director.

The brief terms of appointment of Mr. Kal as recommended by Nomination and Remuneration Committee and approved by the Board of Directors are provided in the Resolution set out at Item No. 8 of this Notice.

This explanatory statement and the Resolution set out at Item No. 8 of this Notice may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The copy of the agreement to be entered into with Mr. Kalyanasundaram Subramanian is available for inspection by any member of the Company at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and at the venue of the Annual General Meeting during Meeting hours.

Profile and other particulars of Mr. Kal, as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, are provided under heading "PROFILE OF DIRECTORS" forming part of this Notice.

The members' approval is being sought for appointment of Mr. Kal as a Whole-time Director of the Company for a period of two years effective from February 14, 2017 to February 13, 2019 without any remuneration, in terms of applicable provisions of the Companies Act, 2013 and rules made thereunder.

Further the Members may note that, Mr. Kal has also been appointed as the CEO & Whole-time Director of Sun Pharma Laboratories

Limited (SPLL), a wholly owned subsidiary of the Company at its Board meeting held on February 13, 2017 for a period of two (2) years i.e. from February 13, 2017 to February 12, 2019 and Mr. Kal will be drawing such remuneration as may be approved by the shareholders of SPLL at the ensuing Annual General Meeting of SPLL.

The Board recommends the Resolutions set out at item no. 7 and 8 of the Notice for approval of the Members as an Ordinary Resolutions.

None of the Directors, Key Managerial Personnel or their relatives, except Mr. Kalyanasundaram Subramanian to whom the resolutions relate, are in anyway concerned or interested in the above resolutions.

Item No. 9

Mr. Dilip S. Shanghvi was re-appointed as the Managing Director by way of a special resolution passed by the members at the 20th Annual General Meeting of the Company held on November 8, 2012, for a period of 5(five) years effective from April 1, 2013 upto March 31, 2018.

On recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company, the Board of Directors of the Company at its meeting held on May 26, 2017, subject to approval of shareholders, re-appointed Mr. Dilip S. Shanghvi as Managing Director of the Company for a further term of 5 (five) years from the expiry of his present term i.e. from April 1, 2018 upto March 31, 2023.

Further the Members, subject to the approval of the Central Government, at the 24th Annual General Meeting of the Company held on September 17, 2016, by way of a special resolution, had approved the revision in remuneration to be paid to Mr. Dilip S. Shanghvi, Managing Director with effect from April 1, 2016 for the remaining period of his present term of appointment i.e. upto March 31, 2018, including the remuneration to be paid to him in event of loss or inadequacy of profits in any financial year during the aforesaid period, as recommended by the Audit Committee and Nomination and Remuneration Committee and approved by the Board of Directors.

The brief terms of re-appointment (including remuneration) of Mr. Dilip S. Shanghvi as recommended by Nomination and Remuneration Committee and approved by the Board of Directors are provided in the Resolution set out at Item No. 9 of this Notice.

Mr. Dilip S. Shanghvi, fulfils all the conditions given under section 196(3) and Schedule V of the Companies Act, 2013 for being eligible for his re-appointment. He is not disqualified in terms of section 160 of the Companies Act, 2013 from being appointed as Director.

This explanatory statement and the Resolution set out at Item No. 9 of this Notice may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The copy of the agreement to be entered into with Mr. Dilip S. Shanghvi is available for inspection by any member of the Company at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and at the venue of the Annual General Meeting during Meeting hours.

Profile and other particulars, as required under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of Mr. Dilip S. Shanghvi are provided under heading “PROFILE OF DIRECTORS” forming part of this Notice.

The members’ approval is being sought for re-appointment of Mr. Dilip S. Shanghvi as the Managing Director of the Company for a further term of 5 (five) years, from the expiry of his present term i.e. from April 1, 2018 upto March 31, 2023 and for approving his remuneration for a period of 3 (Three) years from the expiry of his present term i.e. from April 1, 2018 upto March 31, 2021 as provided in the resolution set out at Item no. 9 of this Notice.

The Board recommends the Resolution as set out at Item no. 9 of the Notice for approval of the Members as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Dilip S. Shanghvi to whom this resolution relates and Mr. Sudhir V. Valia, being brother-in-law of Mr. Dilip S. Shanghvi, are in any way concerned or interested in the Resolution as set out at Item no. 9 of the Notice.

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 on pharmaceutical business since its incorporation.

3. Financial performance based on given indicators:

Standalone Financial Results:

(₹ in Crores except EPS)

Particulars	2016-17	2015-16
Profit (Loss) after tax	(34.95)	(1087.51)
Net Worth (including balance in Profit & Loss Account)	17,198.81	18,212.45
Earnings Per Share	₹ (0.1)	₹ (4.5)
Turnover	7523.79	7254.09

Consolidated Financial Results:

(₹ in Crores except EPS)

Particulars	2016-17	2015-16
Profit (Loss) after tax	6,964.37	4,545.71
Net Worth (including balance in Profit & Loss Account)	35,632.88	30,820.02
Earnings Per Share	₹ 29.00	₹ 18.90
Turnover	30,264.23	27,888.07

4. **Foreign investments or collaboration, if any:**

For details of investment made by the Company, please refer the schedule nos. 5,6,7 and 14 of the Standalone Balance sheet forming part of the Annual Report for 2016-17 being sent along with this Notice.

As on March 31, 2017, the Shareholding of Foreign Institutional Investors, Foreign Nationals and Foreign Companies, in the Company is detailed as under:

Particulars	No. of Shares	%
Foreign Portfolio Investors	510650573	21.28
Foreign Nationals	23000	0.00
Non Resident Indians (Repat)	4394659	0.18
Non Resident Indians (Non Repat)	2281621	0.10
Foreign Companies	813562	0.03
Overseas Bodies Corporate	59440	0.00
Foreign Bank	25422	0.00
Total	**518248277**	**21.59**

The Company has not entered into any material foreign collaboration.

II. INFORMATION ABOUT THE APPOINTEE

1. **Background details:**

The background details and profile of Mr. Dilip S. Shanghvi are stated in “PROFILE OF DIRECTORS” to this Notice.

2. **Past remuneration:**

The remuneration paid to Mr. Dilip S. Shanghvi, Managing Director for the last financial year 2016-17 subject to approval of the Central Government is as follows:

(₹ in crores)

Name of the Director	Actual Remuneration paid for 2016-17 (including contribution to PF) (excluding Perquisites such as reimbursement of electricity charges, motor vehicle charges, etc. which shall be taken at actuals)	Maximum limit of remuneration approved by the Board of Directors subject to approval of Central Government for 2016-17 (including contribution to PF)
Mr. Dilip Shanghvi	3.18	5.64

Pursuant to the approval of the Shareholders at the 22nd Annual General Meeting, the Company had applied to the Central Government under Section 197(3) read with Schedule V to the Companies Act, 2013 for approval of maximum limit of remuneration as approved by members for the period from April 01, 2014 to March 31, 2017. The approval granted by the Central Government was for ₹ 60,00,000 (Rupees Sixty Lacs only) per annum for a period of three years with effect from April 01, 2014 to March 31, 2017. Pursuant to calculation as per Part-A of Section II of Schedule V of the Companies Act 2013 read with Ministry of Corporate Affairs (MCA) circular dated September 12, 2016, in case of inadequate profits, based on the calculation of effective capital of the Company as on the last day of financial year preceding the financial year of the respective year of appointment of the Managing Director for the financial year 2016-17 the Managing Director is eligible for remuneration upto ₹ 3.04 crores per annum, without approval of the Central Government. Accordingly the Company had made several representations to the Central Government to approve the remuneration of the Managing Director upto the limit of Schedule V to the Companies Act, 2013. However the Ministry of Corporate Affairs/Central Government reiterated the approval for remuneration of ₹ 60 lakhs each per annum for the years from April 01, 2014 to March 31, 2017 for the Managing Director and the Whole-time Directors. The Company has made further representation, to the Central Government for reconsidering the approval on additional grounds for which the response from the MCA is awaited.

Further at the 24th AGM, the members’ approval was also obtained for revision in the remuneration of the Managing Director from April 01, 2016 for the remaining period of his current term of appointment upto March 31, 2018. Consequently during the year, an application for revision in the remuneration of the Managing Director has been made by the Company to the Ministry of Corporate Affairs. The approval in respect of the foregoing application for revision is also awaited from the MCA.

In view of the approval for application of revision in remuneration being awaited, for the year 2016-2017, the Company has paid remuneration within the ceiling limit of ₹ 3.04 crores. On receipt of the approval from the Central Government of India, the balance amount of remuneration for the year 2016-17, if any, as per his entitlement, shall be paid to the Managing Director and the same shall be given effect to in the year in which the approval is received. Excess remuneration, if any, after final approval in respect of the application for revision is received, shall be refunded by the Managing Director.

The details of Remuneration that the Managing Director is entitled, the remuneration actually paid to him and maximum limit of remuneration as approved by the members are detailed below:

(₹ in crores)

Name of the Director	Amount of remuneration (including contribution to PF) entitled for the year 2016-17, as approved by the Board within the limit as approved by the members (excluding Perquisites such as reimbursement of electricity charges, motor vehicle charges, etc. which shall be taken at actuals)	Actual Amount Paid out of the amount entitled for the year 2016-17, (including contribution to PF and Perquisites such as reimbursement of electricity charges, motor vehicle charges, etc. at actuals)	Amount of Remuneration paid for 2016-17, after excluding Contribution to PF which is excluded for calculation of limit as per Schedule V of the Companies Act, 2013	Maximum Remuneration p.a. as approved by Board and by Members at the 24th AGM, subject to approval of the Central Government, for the current tenure of appointment*
Mr. Dilip Shanghvi**	3.93	3.18	2.80	5.64

* 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, are not included in the computation of, ceiling on remuneration and perquisites as aforesaid.

**Commission to Managing Director: 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 as per the Act, as may be applicable from time to time. However no commission is paid to the Managing Director.

3. **Recognition or awards:**

1. Mr. Dilip S. Shanghvi, Managing Director has been awarded the following awards:

Year	Awards
2017	1. Entrepreneur of the year AIMA (All India Management Association)
2016	1. Padma Shri – 2016 (Fourth Highest Civilian Award – Government of India) 2. NDTV Business Leadership Award – Pharmaceutical - 2016
2014	1. JRD TATA Corporate Leadership Award AIMA (All India Management Association) 2. Economic Times Business Leader of the Year Award 3. CNBC-TV18, Outstanding Business Leader of the Year 4. Forbes Entrepreneur For The Year
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	1. 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

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 *inter alia* in international pharmaceutical markets, business strategy, business development functions of the Company.

5. **Remuneration Proposed:**

Details of remuneration proposed for approval of the Shareholders at this 25th Annual General Meeting of the Company are as provided in the resolution as set out at Item No. 9 of this Notice.

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 (looking at the profile of the position and person) is lower than the remuneration being paid by the Companies of 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:**

   Apart from the remuneration and perquisites paid to Mr. Dilip S. Shanghvi as Managing Director as stated above and his shareholding held directly or indirectly in the Company and Mr. Sudhir V. Valia being the brother in law of Mr. Dilip S. Shanghvi, he does not have any pecuniary relationship directly or indirectly with the Company and its managerial personnel.

III. OTHER INFORMATION

1. **Reasons of loss or inadequate profits and steps taken or proposed to be taken for improvement:**

   The Company has reported a net loss on standalone basis due to various factors including due to supply constraints and increased compliance / remediation issues / costs. However, during the current year, the Company had taken various initiatives including optimisation programs, and as a result of which the loss for the current year has considerably reduced in comparison to last year.

   However, the Company continues to earn profit on consolidated basis and hence there are no specific steps required to take and proposed to be taken for improvement other than working towards resolving some of the aforementioned constraints. Some of the Company's subsidiaries in India & overseas are engaged in substantial business activities. In view of this, the Company's standalone revenues & profits are lower without affecting adversely the revenues and profits on consolidated basis.

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

   The Company has earned the profit of ₹ 94.63 Crores during the quarter ended March 31, 2017 and the Company is taking appropriate measures to increase productivity and improve profitability.

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 under "Report of Corporate Governance" forming part of the Annual Report for 2017-18.

Item No. 10

Shanghvi Finance Private Limited ("SFPL") in which Mr.Dilip S. Shanghvi, the Promoter and Managing Director of the Company, along with his spouse is having 100% shareholding, has initiated a merger of certain entities with SFPL (hereinafter referred to as 'Merger') out of which, some entities are *inter alia* shareholders of Aditya Medisales Limited.

Aditya Medisales Limited ("AML"), having CIN: U24230GJ1990PLC014535 is a public limited company, incorporated on October 16, 1990 under the Companies Act, 1956 having its registered office at 402, 4th Floor, R.K. Centre, Fatehgunj Main Road, Vadodara – 390 002. AML is primarily engaged in the trading of pharmaceutical products.

Subsequent to receipt of approval(s) of Merger by the regulatory authorities and completion of necessary formalities of merger, AML will become a direct subsidiary of SFPL. On AML becoming a direct subsidiary of SFPL, it will become a related party of the Company from the effective date of the Merger as defined under Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Section 2(76) of the Companies Act, 2013 ('the Act'). The Merger is expected to be completed before the end of financial year 2017-18.

Presently the Company is having transactions with AML, and on AML becoming a related party, the Company is expected to continue having transactions with AML which may fall within the ambit of material related party transactions.

The Company in its ordinary course of business, sells its products to AML, on an arm's length basis which further sells the same in Indian domestic market to wholesalers, stockist and others. In the Financial year 2016-17, transactions with AML amounted to around ₹ 2600 Crore (Rupees Two Thousand Six hundred Crore) comprising predominantly of sales. The material transaction threshold as provided under Listing Regulations and as per the Company's Policy on materiality of related party transaction, is 10% of the consolidated turnover of the Company as per the last audited financial statements for any transaction(s) with the related party(ies). The consolidated turnover of the Company as per the last audited financial statements of the Company for the financial year 2016-17 was ₹ 30264 crores. Considering the turnover of 2016-17, any related party transaction in excess of ₹ 3026 crore (i.e.10% of consolidated turnover) will require approval from the members of the Company. In case the volume of transaction(s) with AML crosses the above mentioned threshold, the transaction(s) with AML will qualify as material related party transaction in terms of Listing Regulations and as per the Company's Policy on materiality of related party transaction and hence the said transaction(s) will require approval from the shareholders of the Company in terms of Regulation 23 of the Listing Regulations.

The transactions with AML will be carried out on the basis of business requirements and will be entered on an arm's length basis irrespective of whether the said transactions are in the ordinary course of business or not and hence the approval from the shareholders of the Company is required in terms of Section 188 of the Act.

Therefore,pursuant to provisions of Regulation 23(4) of Listing Regulations and Section 188 of the Act, it is proposed to obtain prior approval of the shareholders by way of an ordinary resolution for material transactions entered/ to be entered with AML, on AML becoming a related party of the Company.

The particulars of the transaction(s) pursuant to the provisions of Section 188 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Sr. no.	Particulars	Information
1	Name of the Related Party	Aditya Medisales Limited
2	Name of Director(s) or Key Managerial Personnel who is related	Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia being brother in law of Mr. Dilip S. Shanghvi may be considered as interested in the Resolution.
3	Nature of Relationship	Shanghvi Finance Private Limited ("SFPL") in which Mr. Dilip S. Shanghvi, the Promoter and Managing Director of the Company, along with his spouse is having 100% shareholding, has initiated a Merger of certain entities with SFPL, out of which, some entities are *inter alia* shareholders of Aditya Medisales Limited which is also forming part of promoter group of the Company, as a person acting in concert. Subsequent to receipt of approval(s) of Merger by the regulatory authorities and completion of necessary formalities of merger, AML will become a direct subsidiary of SFPL. On AML becoming a direct subsidiary of SFPL, it will become a related party of the Company from the effective date of the Merger.
4	Nature, material terms and particulars of the contract or arrangement	Nature of transactions: All transactions to be carried out based on business requirements of the Company shall be entered on an arm's length basis irrespective of whether the same is in the ordinary course of business or not. The transactions to be carried out between the Company and AML will be predominantly of sales, and other nominal transactions such as purchases of goods or materials, availing or rendering of services, leasing of property of any kind or other transaction as may be deemed fit by the Audit Committee and Board of Directors of the Company. Term of the approval: For a period of five years from the date of this 25th Annual General Meeting till the date of 30th Annual General Meeting.
5	Monetary Value	The transactions upto ₹ 5000 crores in the first financial year to be ended on March 31, 2018 with increase in value and volume of the transactions in the subsequent financial years.
6	Whether the transactions have been approved by Audit Committee and the Board of Directors	Yes
7	Any other information relevant or for the Members to make a decision on the proposed transactions	None

The Board is of the opinion that the aforesaid related party transaction(s) is in the best interest of the Company.

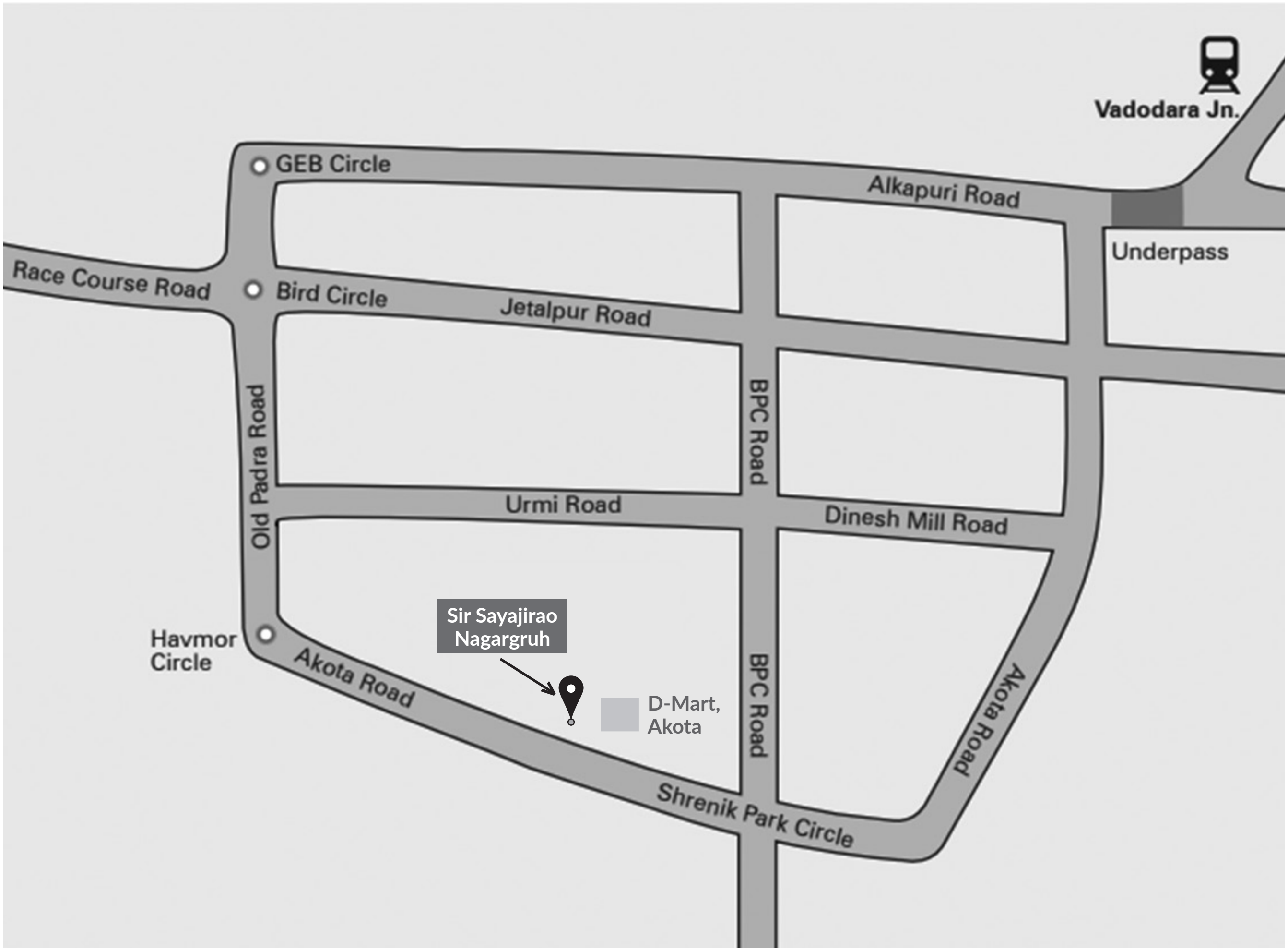
The members' approval is being sought for approval of the transactions to be entered with AML pursuant to Regulation 23(4) of Listing Regulations and Section 188 of the Act or any other provisions of any of the Act and / or Listing Regulations. Further, in terms of provisions of the Act and Regulation 23(4) of the Listing Regulations, all related party(ies) will abstain from voting on this resolution as set out at Item no. 10 of the Notice.

The Board recommends the Resolution as set out at Item No.10 of the Notice for the approval of the Members as an Ordinary Resolution.

Mr. Dilip S. Shanghvi, Managing Director and Mr. Sudhir V. Valia, Whole-time Director, being brother-in-law of Mr. Dilip S. Shanghvi are concerned or interested in this resolution. Relatives of Mr. Dilip. S. Shanghvi and Mr. Sudhir V. Valia may also be deemed to be interested in this resolution.

Save and except the above, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the Resolution as set out at Item no. 10 of the Notice.

ROUTE MAP TO SIR SAYAJIRAO NAGARGRUH, THE AGM VENUE
Prominent Landmark: Beside D-Mart, Akota



SUN PHARMACEUTICAL INDUSTRIES LTD.

Registered Office: SPARC Tandalja, Vadodara - 390 020**Tel Nos:** 0265-6615500 / 600/700 **Fax No:** 0265-2354897
Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon -East, Mumbai - 400 063, India.
CIN: L24230GJ1993PLC019050
Website: www.sunpharma.com Email: secretarial@sunpharma.com

ATTENDANCE SLIP

TWENTY FIFTH ANNUAL GENERAL MEETING ON TUESDAY, SEPTEMBER 26, 2017 AT 10:45 A.M.

I /We hereby record my presence at the **Twenty Fifth Annual General Meeting** of the Company at **Sir SayajiraoNagargruh, Akota, Vadodara - 390 020, Gujarat, on Tuesday, September 26, 2017 at 10:45 A.M.**

Sr. No. : **Registered Folio/DP ID & Client ID :** **Name and address of the Shareholder(s) :** **Joint Holder 1 :** **Joint Holder 2 :**	

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 and Annual Report for reference at the meeting.

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	*Default PAN	Number of Shares
170822097			

***Only Members who have not updated their PAN with the Company/ Depository Participant shall use default PAN in the PAN field.**

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SUN PHARMACEUTICAL INDUSTRIES LTD.

Registered Office: SPARC Tandalja, Vadodara - 390 020**Tel Nos:** 0265-6615500 / 600/700 **Fax No:** 0265-2354897
Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon -East, Mumbai - 400 063, India.
CIN: L24230GJ1993PLC019050
Website: www.sunpharma.com Email: secretarial@sunpharma.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014 – Form MGT-11]

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: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty Fifth Annual General Meeting** of the Company, to be held on **Tuesday, September 26, 2017 at 10:45 A.M. at Sir SayajiraoNagargruh, Akota, Vadodara - 390020**,and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

PTO

Resolution No.	Resolution
	ORDINARY BUSINESS:
1.	Adoption of audited financial statements (including audited consolidated financial statements) of the Company and the reports of the Board of Directors and Auditors thereon for the financial year ended March 31, 2017
2.	Declaration of dividend on Equity Shares
3.	Re-appointment of Mr. Sailesh T. Desai (DIN: 00005443), who retires by rotation and being eligible offers himself for re-appointment
4.	Re-appointment of Mr. Israel Makov (DIN: 05299764), who retires by rotation and being eligible offers himself for re-appointment
5.	Appointment of Statutory Auditors and to fix their remuneration
	SPECIAL BUSINESS:
6.	Ratification of Remuneration of Cost Auditors for the financial year 2017-18
7.	Appointment of Mr. Kalyanasundaram Subramanian (DIN: 00179072) as Director, liable to retire by rotation
8.	Appointment of Mr. Kalyanasundaram Subramanian (DIN: 00179072) as Whole-time Director, without remuneration
9.	Special Resolution for re-appointment and remuneration of Mr. Dilip S. Shanghvi (DIN: 00005588) as Managing Director
10.	Approval of material related party transactions with a related party.

Signature of Shareholder: ………………………………….……… Signed this……..…… day of ……………… 2017

Affix Revenue Stamp of Re.1/-

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

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.