

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of SUN PHARMACEUTICAL INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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 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 financial statements based on 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 and the Order under section 143(11) of the Act.

We conducted our audit of the standalone 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 financial statements.

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

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2016, and its loss and its cash flows for the year ended on that date.

### EMPHASIS OF MATTER

We draw attention to Note 55 to the standalone financial statements. As referred to in the said Note, remuneration to the Managing Director and a Whole-time Director of the Company for the previous year ended 31st March, 2015 is in excess of the limits specified under Schedule V to the Act by ₹ 20.7 Million. In this regard, we have been informed by the Management of the Company that they have made further representations to the Central Government in respect of their applications for approving the amounts of maximum remuneration for the three years ending 31st March, 2017, including for the excess amounts already paid / provided. The response in respect of the foregoing is awaited from the Central Government.

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, we report 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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.
  - 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, 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 financial statements - Refer Note 28(A)(i) to the standalone 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 6 and 9 to the standalone 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 ₹ 9.8 Million, which are held in abeyance due to pending legal cases.
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)

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 1(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' 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, 2016 in conjunction with our audit of the standalone 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 (the "Guidance Note"). 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 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.

### 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, 2016, 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: 30th May, 2016

## 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:

# 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)

Particulars of the freehold land	Gross / Net Block as at 31st March, 2016 (₹ in Million)	Remarks
Located in Himachal Pradesh admeasuring 645,150 Square meters	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 Punjab and Haryana.
Located in Punjab admeasuring 370,527 Square meters	27.2	
Located in Haryana admeasuring 64,161 Square meters	109.0	
Located in Madhya Pradesh admeasuring 91,330 Square meters	5.8	
Located in Karnataka admeasuring 30,362 Square meters	28.3	
Located in Punjab admeasuring 8,364 Square meters	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.

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 financial statements, we report that the agreement / non-convertible preference shares / compulsorily convertible debentures 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 financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement, except the following:

Particulars of the leasehold land	Gross Block as at 31st March, 2016 (₹ in Million)	Net Block as at 31st March, 2016 (₹ in Million)	Remarks
Located in Maharashtra admeasuring 20,000 Square meters.	* 25.8	17.0	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 Punjab and Haryana.
*includes composite consideration for land and building.			
Located in Goa admeasuring 1,000 Square meter	3.3	2.6	

Particulars of the leasehold land	Gross Block as at 31st March, 2016 (₹ in Million)	Net Block as at 31st March, 2016 (₹ in Million)	Remarks
Located in Punjab admeasuring 323,866 Square meters	239.6	210.8	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 Punjab and Haryana.
Located in Madhya Pradesh admeasuring 630,552 Square meters	229.0	220.1	
Located in Gujarat admeasuring 24,000 Square meters	1.0	0.6	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.

- (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) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, during the year, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"), and hence reporting under clause (iii)(a) of paragraph 3 of the Order is not applicable. In respect of loans, secured or unsecured, granted during earlier years, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act:
- (a) In respect of loans granted to wholly owned subsidiaries, 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 ₹ 151.5 Million, which are overdue as per the stipulations.
- (b) There is no overdue amount remaining outstanding as at the balance sheet date except in respect of amounts of ₹ 512.0 Million and ₹ 135.8 Million of principal and interest respectively, aggregating to ₹ 647.8 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 principal amount and interest.

Refer Note 45 to the standalone financial statements.

- (iv) The Company has not granted any loans, made investments or provided guarantees or securities during the year covered under Section 185 and 186 of the Act and hence reporting under clause (iv) of paragraph 3 of the Order is not applicable.
- (v) 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, 2016 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, 2016 on account of disputes, are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Million)#	Amount paid / adjusted under protest (₹ in Million)
Income Tax Act, 1961	Income Tax, Interest and Penalty	Commissioner (Appeals)	1998-99 to 2000-01, 2005-06 to 2010-11	3,419.6	2,712.7
		Income Tax Appellate Tribunal (ITAT)	1995-96 to 1999-00, 2001-02 to 2004-05, 2007-08, 2009-10 and 2010-11	3,313.2	5,706.5
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Assistant / Additional / Senior Joint Commissioner	1999 - 00, 2000-01 and 2002-03 to 2012-13	2.7	0.6
		Appellate Authority	1998-99, 2008-09, 2012-13 and 2013-14	2.8	0.4
		Tribunal	1998-99 to 2003-04	3.0	-
	High Court	1999-00, 2001-02 to 2003-04 and 2005-06 to 2010-11	23.5	5.1	
	Entry Tax	Madhya Pradesh Commercial Tax Appellate Board	2009-10	2.5	-
The Central Excise Act, 1944	Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi	2006 to 2011	4.4	-
Customs Act, 1962	Custom Duty, Penalty and Interest	High Court	2000-01	16.1	-
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Settlement Commission	2000-01	4.2	-
		Commissioner (Appeals)	2001-02 to 2014-15	57.1	4.5
		Tribunal	2001-02 to 2014-15	1,364.2	204.6
		High Court	2001-02 to 2004-05 and 2008-09 to 2013-14	73.1	3.2
		Supreme Court	2002-03 to 2003-04	16.9	16.9

# 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 and dues to debenture holders.
- (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.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided 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 / provided (₹ 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	10.5	31st March, 2015	Charged to the Statement of Profit and Loss	We have been informed by the Management of the Company that they have made further representations to the Central Government in respect of their applications for approving the amounts of maximum remuneration for the three years ending 31st March, 2017, including for the excess amounts already paid / provided. Refer Note 55 to the standalone financial statements
Whole time Director	10.2	31st March, 2015	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 and the details of related party transactions have been disclosed in the standalone 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: 30th May, 2016

# BALANCE SHEET

AS AT 31ST MARCH, 2016

₹ in Million

	Note No.	As at 31st March, 2016		As at 31st March, 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	2,406.6		2,071.2	
Share Suspense Account	48	-		334.8	
Reserves and Surplus	2	212,424.3	214,830.9	225,307.7	227,713.7
Share Application Money Pending Allotment	56(b)	6.7		149.0	
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	19,292.7		11,703.2	
Deferred Tax Liabilities (Net)	4	-		-	
Other Long-term Liabilities	5	135.7		143.7	
Long-term Provisions	6	19,245.5	<b>38,673.9</b>	24,225.1	<b>36,072.0</b>
<b>Current Liabilities</b>					
Short-term Borrowings	7	37,337.2		42,528.1	
Trade Payables					
Total outstanding dues of micro enterprises and small enterprises	37	87.4		94.0	
Total outstanding dues of creditors other than micro enterprises and small enterprises		17,637.0		15,673.5	
Other Current Liabilities	8	19,068.3		31,558.3	
Short-term Provisions	9	14,257.9		20,666.9	<b>110,520.8</b>
<b>Total</b>		<b>341,899.3</b>		<b>374,455.5</b>	
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets					
Tangible Assets	10A	35,129.0		31,152.9	
Intangible Assets	10B	552.7		699.8	
Capital Work-in-Progress		7,677.3		10,863.2	
Intangible Assets under Development		-		42.7	
		<b>43,359.0</b>		<b>42,758.6</b>	
Non-current Investments	11	222,831.1		257,822.3	
Long-term Loans and Advances	12	21,654.7		18,952.3	
Other Non-current Assets	13	617.5		419.5	<b>319,952.7</b>
<b>Current Assets</b>					
Current Investments	14	824.9		939.3	
Inventories	15	21,321.6		21,892.5	
Trade Receivables	16	20,168.1		18,028.2	
Cash and Cash Equivalents	17	1,693.9		4,164.6	
Short-term Loans and Advances	18	7,450.3		6,966.9	
Other Current Assets	19	1,978.2		2,511.3	<b>54,502.8</b>
<b>Total</b>		<b>341,899.3</b>		<b>374,455.5</b>	

See accompanying notes 1 to 60 forming part of the Financial Statements

In terms of our report attached

For and on behalf of the Board

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

**DILIP S. SHANGHVI**  
Managing Director  
New York

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 30th May, 2016

**UDAY V. BALDOTA**  
Chief Financial Officer  
Mumbai

**SUDHIR V. VALIA**  
Wholetime Director  
Mumbai

**SUNIL R. AJMERA**  
Company Secretary  
Mumbai

**SAILESH T. DESAI**  
Wholetime Director  
Mumbai

Date: 30th May, 2016

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2016

₹ in Million

	Note No.	Year ended 31st March, 2016	Year ended 31st March, 2015
Revenue from Operations	20	77,448.9	81,687.4
Less: Excise Duty		1,304.3	1,403.0
		<b>76,144.6</b>	<b>80,284.4</b>
Other Income	21	4,318.2	2,115.8
<b>Total Revenue</b>		<b>80,462.8</b>	<b>82,400.2</b>
<b>Expenses</b>			
Cost of Materials Consumed	22	20,198.5	22,611.1
Purchases of Stock-in-Trade	32	11,700.0	9,342.2
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(684.8)	3,181.0
Employee Benefits Expense	24	14,805.1	14,876.5
Finance Costs	25	5,306.4	5,512.5
Depreciation and Amortisation Expense	10	4,639.8	6,606.8
Other Expenses	26	34,475.6	35,859.8
<b>Total Expenses</b>		<b>90,440.6</b>	<b>97,989.9</b>
<b>Loss Before Exceptional Item and Tax</b>		(9,977.8)	(15,589.7)
Exceptional Item	47	(701.3)	-
<b>Loss Before Tax</b>		<b>(10,679.1)</b>	<b>(15,589.7)</b>
<b>Tax Expense:</b>			
Current Tax	50	54.5	1,080.0
Deferred Tax Expense / (Credit)		- 54.5	(1,928.4) (848.4)
<b>Loss for the Year</b>		<b>(10,733.6)</b>	<b>(14,741.3)</b>
<b>Earnings per Share (Face Value per Equity share - ₹ 1)</b>	39		
Basic (in ₹)		(4.5)	(6.1)
Diluted (in ₹)		(4.5)	(6.1)
<b>See accompanying notes 1 to 60 forming part of the Financial Statements</b>			

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 30th May, 2016

**UDAY V. BALDOTA**  
Chief Financial Officer  
Mumbai

**SUNIL R. AJMERA**  
Company Secretary  
Mumbai

For and on behalf of the Board

**DILIP S. SHANGHVI**  
Managing Director  
New York

**SUDHIR V. VALIA**  
Wholetime Director  
Mumbai

**SAILESH T. DESAI**  
Wholetime Director  
Mumbai

Date: 30th May, 2016

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss Before Tax	(10,679.1)	(15,589.7)
Adjustments for:		
Depreciation and Amortisation Expense	4,639.8	6,606.8
Provision for Impairment of Fixed Assets (Disclosed as Exceptional Item)	701.3	-
Loss on Sale of Fixed Assets (net)	82.3	64.8
Finance Costs	5,306.4	5,512.5
Interest Income	(231.2)	(849.8)
Dividend Income	(394.5)	(0.2)
Net Gain on Sale of Investments	(3,426.8)	(988.9)
Provision for Doubtful Trade Receivables / Advances / Sundry balances / Trade Receivables written off (net)	1,155.4	377.2
Sundry Balances Written Back (Net)	(50.0)	-
Expense on Employee Stock Option Schemes	98.8	205.0
Reversal for diminution in value of current investments	-	(70.3)
Provision for other-than-temporary diminution in value of non-current investment in an associate (₹ 16,380)	0.0	306.4
Provision in respect of losses of a subsidiary	122.9	467.4
Net Unrealised Foreign Exchange Gain	(820.2)	(5,771.1)
<b>Operating Loss Before Working Capital Changes</b>	<b>(3,494.9)</b>	<b>(9,729.9)</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (Increase) / Decrease in Operating Assets:</b>		
Inventories	570.9	4,242.7
Trade Receivables	(2,888.3)	2,771.1
Loans and Advances	(1,254.4)	(521.1)
Other Assets	(427.4)	28,356.5
<b>Adjustments for Increase / (Decrease) in Operating Liabilities:</b>		
Trade Payables	1,761.4	1,189.7
Other Liabilities	(1,167.4)	(22,978.2)
Provisions	(2017.1)	89.9
<b>Cash Generated from / (used in) Operations</b>	<b>(8,917.2)</b>	<b>3,420.7</b>
Net Income Tax Paid	(3,527.3)	(1,934.8)
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>(12,444.5)</b>	<b>1,485.9</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Fixed Assets, including Capital Advances	(5,606.6)	(10,279.8)
Proceeds from Sale of Fixed Assets	144.5	148.4
Loans / Inter Corporate Deposits		
Given / Placed	-	(1,411.5)
Received back / Matured	251.9	11,307.7
Received back / Matured from Subsidiary Companies	-	1,135.6
Purchase of Investments		
Subsidiary Company	(163.5)	(3.1)
Associate (₹ 16,380)	0.0	-
Others	(131,969.1)	(103,605.0)

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	Year ended 31st March, 2016	Year ended 31st March, 2015
Proceeds from Sale of Investments		
Subsidiary Companies	38,476.8	8,950.1
Others	132,268.1	112,962.5
Bank Balances not considered as Cash and Cash Equivalents		
Fixed Deposits Placed	(30.1)	(3,529.9)
Fixed Deposits Matured	2,116.8	4,964.2
Margin Money Placed	(0.2)	(7.4)
Margin Money Matured	-	3.5
Interest Received	418.8	892.6
Dividend Received	394.5	0.2
<b>Net Cash Flow from Investing Activities (B)</b>	<b>36,301.9</b>	<b>21,528.1</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from allotment of equity shares on exercise of stock options /Share Application Money received	91.3	748.7
Proceeds from Borrowings		
Subsidiary Company	35,480.0	-
Others	72,231.3	78,687.4
Repayment of Borrowings		
Subsidiary Companies	(27,545.7)	-
Others	(89,805.8)	(95,833.1)
Net Decrease in Cash Credit Facilities and Working Capital Demand Loans	(2,360.6)	(3,391.3)
Finance Costs (includes borrowing costs capitalised)	(3,655.2)	(3,319.8)
Dividend Paid	(7,216.8)	(3,104.8)
Tax on Dividend	(1,469.7)	(528.0)
<b>Net Cash Flow used in Financing Activities (C)</b>	<b>(24,251.2)</b>	<b>(26,740.9)</b>
<b>Net Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>(393.8)</b>	<b>(3,726.9)</b>
Cash and Cash Equivalents at the Beginning of the Year	1,932.0	763.2
Pursuant to the Scheme of Amalgamation (Refer note 48)	-	4,879.3
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	5.2	16.4
<b>Cash and Cash Equivalents at the end of the Year (Refer Note 17)</b>	<b>1,543.4</b>	<b>1,932.0</b>
<b>See accompanying notes 1 to 60 forming part of the Financial Statements</b>		

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 30th May, 2016

**UDAY V. BALDOTA**  
Chief Financial Officer  
Mumbai

**SUNIL R. AJMERA**  
Company Secretary  
Mumbai

For and on behalf of the Board

**DILIP S. SHANGHVI**  
Managing Director  
New York

**SUDHIR V. VALIA**  
Wholtime Director  
Mumbai

**SAILESH T. DESAI**  
Wholtime Director  
Mumbai

Date: 30th May, 2016

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	₹ in Million	Number of Shares	₹ in Million
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of ₹ 1 each	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
	<b>5,990,100,000</b>	<b>6,000.0</b>	<b>5,990,100,000</b>	<b>6,000.0</b>
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity Shares of ₹ 1 each (Refer Note 29)	2,406,605,118	2,406.6	2,071,163,910	2,071.2
	<b>2,406,605,118</b>	<b>2,406.6</b>	<b>2,071,163,910</b>	<b>2,071.2</b>

	₹ in Million	
	As at 31st March, 2016	As at 31st March, 2015
<b>2 RESERVES AND SURPLUS (*)</b>		
<b>Capital Reserve</b>		
Opening Balance	36,660.2	28,369.0
Addition during the Year (Refer Note 48 and 51)	-	8,291.2
Closing Balance	<b>36,660.2</b>	<b>36,660.2</b>
<b>Securities Premium Account</b>		
Opening Balance	18,220.3	14,218.0
Add: Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	3,079.7
Add: Received on shares issued during the year	232.9	594.2
Add: Transferred from employee stock options outstanding account on exercise of options	132.0	328.4
Closing Balance	<b>18,585.2</b>	<b>18,220.3</b>
<b>Debenture Redemption Reserve</b>		
Opening Balance	750.0	-
Add: Transferred from General Reserve	-	750.0
Less: Transferred to General Reserve	750.0	-
Closing Balance	<b>-</b>	<b>750.0</b>
<b>Share Options Outstanding Account</b>		
Opening Balance	82.1	-
Add: Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	205.5
Add: Amortisation during the year (Employee stock option expense, net of options forfeited and lapsed during the year)	98.8	205.0
Less: Transferred to Securities premium on account of exercise of options	132.0	328.4
Closing Balance	<b>48.9</b>	<b>82.1</b>
<b>Amalgamation Reserve</b>		
Opening Balance	43.8	-
Add: Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	43.8
Closing Balance	<b>43.8</b>	<b>43.8</b>

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	As at 31st March, 2016	As at 31st March, 2015
<b>General Reserve</b>		
Opening Balance	34,029.3	29,260.0
Add: Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	5,519.3
Add: Transferred from Debenture Redemption Reserve	750.0	-
Less: Transferred to Debenture Redemption Reserve	-	750.0
Closing Balance	<b>34,779.3</b>	<b>34,029.3</b>
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	135,522.0	160.6
Add: Pursuant to the Scheme of Amalgamation (Refer Note 51)	-	158,791.9
Add: Loss for the Year	(10,733.6)	(14,741.3)
Less: Dividend proposed to be distributed to equity Shareholders - [₹ 1.0 (Previous Year ₹ 3.0 per Share)]	2,406.8	7,219.5
Less: Corporate Dividend Tax (**)	74.7	1,469.7
Closing Balance	<b>122,306.9</b>	<b>135,522.0</b>
	<b>212,424.3</b>	<b>225,307.7</b>

(\*) During the previous year, pursuant to the scheme of arrangement duly approved by the relevant Hon'ble High Courts, the debit balance in the Statement of Profit and Loss of ₹ 34,102.7 Million in the books of the Transferor Company on the close of 31st March, 2014 had been adjusted by the Transferor Company by reduction of its Capital Reserve and Securities Premium Account of ₹ 1,762.0 Million and ₹ 32,340.7 Million respectively. The remaining balance of ₹ 3,079.7 Million in the Securities Premium Account of the Transferor Company as at close of 31st March, 2014 had been taken over by the Company (Transferee Company) and was included in Securities Premium Account, as on 1st April, 2014, being the appointed date of the amalgamation referred in Note 48.

(\*\*) Computed in terms of Section 115-O read with sub-sections 1 and 1A of the Income Tax Act, 1961.

	₹ in Million	
	As at 31st March, 2016	As at 31st March, 2015
<b>3 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Term Loan from Department of Biotechnology (Refer Note 57A)	77.3	77.3
<b>Unsecured</b>		
Term Loans from Banks (Refer Note 57A)	19,215.4	11,625.9
	<b>19,292.7</b>	<b>11,703.2</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016		As at 31st March, 2015	
	₹ in Million			
<b>4 DEFERRED TAX LIABILITIES (Net)</b>				
<b>Deferred Tax Liabilities</b>				
Depreciation on Fixed Assets	3,357.0		3,727.2	
Others	169.0	3,526.0	165.9	3,893.1
Less :				
<b>Deferred Tax Assets</b>				
Unpaid Liabilities Allowable on payment basis u/s 43B of the Income Tax Act, 1961	378.9		426.9	
Unabsorbed Depreciation / Carried forward Losses (*)	2,160.0		2,820.6	
Others	987.1	3,526.0	645.6	3,893.1
(*) restricted to the extent of deferred tax liability.		-		-
<b>5 OTHER LONG-TERM LIABILITIES</b>				
Interest accrued but not due on borrowings		4.9		3.4
Trade / Security Deposits Received		130.8		140.3
		<b>135.7</b>		<b>143.7</b>
<b>6 LONG-TERM PROVISIONS</b>				
Employee Benefits (Refer Note 41)		1,659.5		1,610.6
MTM Loss on outstanding Forward Contracts / Derivative Instruments		-		212.5
Others (Refer Note 58)		17,586.0		22,402.0
		<b>19,245.5</b>		<b>24,225.1</b>
<b>7 SHORT-TERM BORROWINGS</b>				
<b>Loans Repayable on Demand</b>				
<b>Secured</b>				
From Banks (Refer Note 57B)		2,560.5		2,739.0
<b>Unsecured</b>				
From Banks		26,756.8		27,223.4
<b>Loans and Advances from a related party (Unsecured)</b>		8,019.9		65.7
<b>Other Loans and Advances (Unsecured)</b>				
Commercial Paper		-		12,500.0
		<b>37,337.2</b>		<b>42,528.1</b>



# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	As at 31st March, 2016	As at 31st March, 2015
<b>8 OTHER CURRENT LIABILITIES</b>		
Current maturities of Long term debt (Refer Note 57A)	1,722.8	13,875.5
Interest Accrued but not due on borrowings	91.8	221.7
Unclaimed / Unpaid Dividends	72.8	65.7
Statutory Remittances	1,339.0	1,196.4
Payables on Purchase of Fixed Assets	838.5	699.1
Advances from Customers	275.4	1,035.8
Trade / Security Deposits Received	1.5	-
Product Settlement, Claims, Recall Charges and Trade Commitments	14,674.5	14,276.4
Others	52.0	187.7
	<b>19,068.3</b>	<b>31,558.3</b>
<b>9 SHORT-TERM PROVISIONS</b>		
Employee Benefits (Refer Note 41)	611.5	404.6
MTM Loss on outstanding Forward Contracts / Derivative Instruments	220.8	4,939.9
Dividend proposed to be distributed to Equity Shareholders	2,406.8	7,219.5
Corporate Dividend Tax	74.7	1,469.7
Provision in respect of losses of subsidiaries	1,569.8	1,286.6
Others (Refer Note 58)	9,374.3	5,346.6
	<b>14,257.9</b>	<b>20,666.9</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## 10 FIXED ASSETS

Description of Assets	Gross Block (At Cost)			Depletion / Amortisation / Impairment		Net Block	
	As at 01.04.2015	Pursuant to Amalgamation #	Additions / adjustments during the year	Deletions / Adjustments during the year	As at 31.03.2016	As at 01.04.2015	As at 31.03.2016
<b>A. Tangible Assets</b>							
Freehold Land	530.9 (192.1)	- (250.0)	10.2 (88.8)	- (-)	541.1 (530.9)	- (-)	541.1 (530.9)
Leasehold Land	609.7 (137.8)	- (478.7)	- (-)	- (6.8)	609.7 (609.7)	6.9 (6.9)	555.5 (562.4)
Buildings	11,204.0 (3,298.1)	- (6,177.8)	2,475.5 (1,731.0)	11.8 (2.9)	13,667.7 (11,204.0)	661.2 (2,797.7)	10,376.2 (8,571.5)
Buildings - Leased*	24.5 (24.5)	- (-)	- (-)	- (-)	24.5 (24.5)	0.5 (0.5)	16.4 (16.9)
Plant and Equipment	41,454.0 (14,573.8)	- (23,944.9)	6,516.1 (3,381.0)	448.9 (445.7)	47,521.2 (41,454.0)	4,076.6 (5,449.3)	22,300.1 (19,955.9)
Plant and Equipment - Leased*	25.3 (25.3)	- (-)	25.3 (-)	25.3 (-)	- (25.3)	1.2 (1.8)	- (5.9)
Vehicles	759.8 (289.7)	- (514.0)	68.8 (120.1)	183.5 (164.0)	645.1 (759.8)	102.1 (113.4)	340.2 (466.2)
Office Equipment	1,123.5 (416.2)	- (538.4)	84.7 (195.8)	30.8 (26.9)	1,177.4 (1,123.5)	127.3 (315.2)	338.4 (386.7)
Furniture and Fixtures	1,395.5 (421.1)	- (813.4)	165.7 (188.4)	23.1 (27.4)	1,538.1 (1,395.5)	145.0 (209.0)	661.1 (643.0)
<b>Total Tangible Assets (A)</b>	<b>57,127.2</b> (19,378.6)	<b>-</b> (32,717.2)	<b>9,321.0</b> (5,705.1)	<b>723.4</b> (673.7)	<b>65,724.8</b> (57,127.2)	<b>5,120.8</b> (6,375.8)	<b>35,129.0</b> (31,152.9)
Previous Year							
<b>B. Intangible Assets</b>							
(Other than internally generated)							
Computer Software	1,639.4 (-)	- (1,499.7)	67.5 (142.9)	26.6 (3.2)	1,680.3 (1,639.4)	194.1 (184.9)	462.5 (591.8)
Trademarks, Designs and Other Intangible Assets	1,184.1 (56.7)	- (795.7)	8.4 (31.7)	- (-)	1,192.5 (1,184.1)	26.2 (769.4)	90.2 (108.0)
<b>Total Intangible Assets (B)</b>	<b>2,823.5</b> (56.7)	<b>-</b> (2,295.4)	<b>75.9</b> (174.6)	<b>26.6</b> (3.2)	<b>2,872.8</b> (2,823.5)	<b>220.3</b> (1,634.5)	<b>552.7</b> (699.8)
Previous Year							
<b>Total Fixed Assets (A) + (B)</b>	<b>59,950.7</b> (19,735.3)	<b>-</b> (35,012.6)	<b>9,396.9</b> (5,879.7)	<b>750.0</b> (676.9)	<b>68,597.6</b> (59,950.7)	<b>5,341.1</b> (6,606.8)	<b>35,681.7</b> (31,852.7)
Previous Year							

### Footnotes:

- Buildings include ₹ 8,620 (Previous Year ₹ 8,620) towards cost of shares in a Co-operative Housing Society and also includes ₹ 1.1 Million (Previous Year ₹ 1.1 Million) and ₹ 1,133.0 Million (Previous Year ₹ 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.
- Includes Impairment of ₹ 1,072.9 Million (Previous Year ₹ 371.6 Million) including ₹ 701.3 Million (Previous Year ₹ Nil) on account of impairment for the year.
- Freehold land includes land valued at ₹ 25.5 Million (Previous Year ₹ 25.5 Million) pending registration in the name of the Company.
- Include Leasehold improvements.
- Deletions / Adjustments during the previous year includes refund received from authorities in respect of dismantling charges.
- Borrowing cost capitalised during the year ₹ 62.1 Million (Previous Year ₹ 56.8 Million)
- Previous Year figures are in brackets.

\* Refer Note 42(a)

# Refer Note 48

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	As at 31st March, 2016	As at 31st March, 2015
<b>11 NON-CURRENT INVESTMENTS</b>		
<b>Long-term Investments (*)</b>		
<b>Trade Investments</b>		
<b>a) In Equity Instruments</b>		
<b>Quoted</b>		
Zenotech Laboratories Limited an Associate (**)	2,463.5	2,463.5
16,128,078 (Previous Year 16,127,293) Shares of ₹ 10 each fully paid		
Less: Provision for other-than-temporary diminution in value of non-current investment	(2,463.5)	-
<b>Unquoted</b>		
<b>i) In Subsidiary Companies</b>		
Sun Pharmaceutical Industries, Inc.	304.2	304.2
8,387,666 (Previous Year 8,387,666) fully paid Common Shares of no Par Value		
Sun Farmaceutica do Brasil Ltda	18.3	18.3
829,288 (Previous Year 829,288) quota of Capital Stock of Real 1 each fully paid		
Sun Pharma De Mexico, S.A. DE C.V.	3.3	3.3
750 (Previous Year 750) fully paid Common Shares of no Face Value		
Sun Pharmaceutical (Bangladesh) Limited		
434,469 (Previous Year 434,469) Ordinary Shares of 100 Takas each fully paid	36.5	36.5
Share Application Money	31.6	31.6
Sun Pharmaceutical Peru S.A.C.	0.0	0.0
[₹ 21,734 (Previous Year ₹ 21,734)]		
149 (Previous Year 149) Ordinary Shares of Soles 10 each fully paid		
SPIL DE Mexico S.A. DE CV	0.2	0.2
100 (Previous Year 100) Nominative and free Shares of 500 Mexican Pesos each fully paid		
OOO "Sun Pharmaceutical Industries" Limited	8.8	8.8
Par value stock of 5,249,500 Rouble (Previous Year 5,249,500 Rouble) fully paid		
Green Eco Development Centre Limited	1.0	1.0
100,000 (Previous Year 100,000) Shares of ₹ 10 each fully paid		
Sun Pharma De Venezuela, C.A.	0.5	0.5
1,000 (Previous Year 1,000) Shares of Bolivars (Bs.F.) 100 each, Bolivars (Bs.F.) 50 per share paid		
Sun Pharma Laboratories Limited	1.5	1.5
50,000 (Previous Year 50,000) Shares of ₹ 10 each fully paid		
Faststone Mercantile Company Private Limited	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	As at 31st March, 2016	As at 31st March, 2015
Neetnav Real Estate Private Limited	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Realstone Multitrade Private Limited	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Skisen Labs Private Limited	163.6	0.1
16,360,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Softdeal Trading Company Private Limited	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Sun Pharma Holdings		
855,199,716 (Previous Year 855,199,716) Shares of USD 1 each fully paid	54,031.5	54,031.5
Share Application Money	-	3.1
Vidyut Investments Limited	250.1	250.1
25,008,400 (Previous Year 25,008,400) Shares of ₹ 10 each fully paid		
Less: Provision for other-than-temporary diminution in value of non-current investment	(239.0)	(239.0)
Ranbaxy Drugs Limited	31.0	31.0
3,100,020 (Previous Year 3,100,020) Shares of ₹ 10 each fully paid		
Gufic Pharma Limited	535.2	535.2
4,900 (Previous Year 4,900) Shares of ₹ 100 each fully paid		
Ranbaxy (Netherlands) B.V.	39,839.4	39,839.4
5,473,340 (Previous Year 5,473,340) Ordinary Shares of Euro 100 each fully paid		
Ranbaxy Pharmacie Generiques SAS	4,709.1	4,709.1
24,116,505 (Previous Year 24,116,505) Ordinary Shares of Euro 1 each fully paid		
Less: Provision for other-than-temporary diminution in value of non-current investment	(4,709.1)	(4,709.1)
Ranbaxy Malaysia Sdn. Bhd.	36.6	36.6
3,189,248 (Previous Year 3,189,248) Ordinary Shares of RM 1 each fully paid		
Ranbaxy Nigeria Limited	7.4	7.4
13,070,648 (Previous Year 13,070,648) Ordinary Shares of Naira 1 each fully paid		
<b>ii) In Associate Company</b>		
Daiichi Sankyo (Thailand) Limited	21.2	21.2
206,670 (Previous Year 206,670) Ordinary Shares of Bahts 100 each fully paid		

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	As at 31st March, 2016	As at 31st March, 2015
<b>iii) In Other Companies</b>		
Enviro Infrastructure Co. Limited	1.0	1.0
100,000 (Previous Year 100,000) Shares of ₹ 10 each fully paid		
Shimal Research Laboratories Limited	934.0	934.0
9,340,000 (Previous Year 9,340,000) Shares of ₹ 10 each fully paid		
Less: Provision for other-than-temporary diminution in value of non-current investment	(934.0)	(934.0)
Shivalik Solid Waste Management Limited	0.2	0.2
20,000 (Previous Year 20,000) Shares of ₹ 10 each fully paid		
Biotech Consortium India Limited	0.5	0.5
50,000 (Previous Year 50,000) Shares of ₹ 10 each fully paid		
Less: Provision for other-than-temporary diminution in value of non-current investment	(0.5)	(0.5)
Nimbua Greenfield (Punjab) Limited	1.4	1.4
140,625 (Previous Year 140,625) Shares of ₹ 10 each fully paid		
<b>Sub-total (a)</b>	<b>95,085.9</b>	<b>94,925.5</b>
<b>b) In Preference Shares (Unquoted)</b>		
<b>In Subsidiary Companies</b>		
Sun Pharma Laboratories Limited	400.0	400.0
4,000,000 (Previous Year 4,000,000) 10% Non-Convertible, Non-Cummulative Redeemable Preference Shares of ₹ 100 each fully paid		
Ranbaxy Drugs Limited	0.0	0.0
250 (Previous Year 250) 10% Non-Convertible Redeemable Preference Shares of ₹ 10 each fully paid. [₹ 2,500 (Previous Year ₹ 2,500)]		
Alkaloida Chemical Company Zrt.	-	402.6
Nil (Previous Year 150,000) 2% Redeemable Preference Shares of \$ 15 each fully paid at a premium of \$ 35 per share		
Sun Pharma Holdings	127,345.2	162,094.2
2,015,593,148 (Previous Year 2,565,593,148) 5% Optionally Convertible Preference Shares USD 1 each fully paid		
<b>Sub-total (b)</b>	<b>127,745.2</b>	<b>162,896.8</b>
<b>c) In Government Securities</b>		
National Savings Certificates ₹ 10,000 (Previous Year ₹ 10,000) (Deposited with Government Authorities)	0.0	0.0
<b>Sub-total (c)</b>	<b>0.0</b>	<b>0.0</b>
<b>Total (a+b+c)</b>	<b>222,831.1</b>	<b>257,822.3</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million			
	As at 31st March, 2016		As at 31st March, 2015	
	Book Value	Market Value	Book Value	Market Value
<b>Aggregate Value of Investments</b>				
Quoted (at Cost)	<b>2,463.5</b>	<b>541.9</b>	2,463.5	729.8
Unquoted (at Cost)	<b>228,713.7</b>		263,704.9	
<b>Total</b>	<b>231,177.2</b>		<b>266,168.4</b>	
Provision for other-than-temporary diminution in value of non-current investment (Quoted)	<b>(2,463.5)</b>		(2,463.5)	
Provision for other-than-temporary diminution in value of non-current investment (Unquoted)	<b>(5,882.6)</b>		(5,882.6)	
(* ) At Cost less provision for other than temporary diminution in value, if any.				
(**) The shares of this entity are thinly traded and therefore, market price has not been considered for the purpose of assessment of other than temporary diminution in the value of its non-current investment in Zenotech Laboratories Limited.				

	₹ in Million			
	As at 31st March, 2016		As at 31st March, 2015	
<b>12 LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured - Considered Good unless stated otherwise)				
Capital Advances		2,467.4		2,827.6
Security Deposits		374.3		427.8
Loans and Advances to Related Parties (Refer Note 44)		4.4		4.4
Loans and Advances to Employees / Others				
Secured	23.0		40.3	
Unsecured	80.7	103.7	115.8	156.1
Prepaid Expenses		55.4		61.1
Advance Income Tax [Net of Provisions ₹ 10,894.5 Million (Previous Year ₹ 10,894.5 Million)]		10,062.5		6,589.7
MAT Credit Entitlement (Refer Note 50)		7,517.0		7,517.0
Balances with Government Authorities		1,070.0		1,368.6
		<b>21,654.7</b>		<b>18,952.3</b>

<b>13 OTHER NON-CURRENT ASSETS</b>				
(Unsecured - Considered Good)				
Receivable towards forward contracts / derivative instruments		616.5		418.5
Deposits Account - Pledged with Government Authorities		1.0		1.0
		<b>617.5</b>		<b>419.5</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million			
	As at 31st March, 2016		As at 31st March, 2015	
<b>14 CURRENT INVESTMENTS</b> (At lower of cost and fair value)				
<b>In Equity Instruments (Quoted)</b>				
Krebs Biochemicals and Industries Limited	89.3		89.3	
1,050,000 (Previous Year 1,050,000) Shares of ₹ 10 each fully paid				
<b>In Mutual Funds (Unquoted)</b>				
<b>Units of Face Value of ₹ 100 each fully paid</b>				
ICICI Prudential Mutual Fund-ICICI Prudential Money Market Fund-Direct Plan-Growth	-		350.0	
Nil (Previous Year 1,810,104) Units				
<b>Units of Face Value of ₹ 1,000 each</b>				
Pramerica Mutual Fund-Pramerica Liquid Fund-Direct Plan-Growth Option fully paid	-		500.0	
Nil (Previous Year 335,039) Units				
	-		<b>850.0</b>	
<b>In Commercial Paper (Unquoted)</b>				
Housing Development Finance Corporation Limited-90D CP11APR16	491.0		-	
1,000 (Previous Year Nil) Units of ₹ 500,000 each fully paid				
JM Financial Products Limited- 85D CP 28APR16	244.6		-	
500 (Previous Year Nil) Units of ₹ 500,000 each fully paid				
	<b>735.6</b>		-	
<b>Total</b>	<b>824.9</b>		<b>939.3</b>	
<b>Aggregate Value Of Investments</b>	Book Value	Market Value	Book Value	Market Value
Quoted	<b>89.3</b>	<b>112.3</b>	89.3	93.4
Unquoted	<b>735.6</b>		850.0	

	₹ in Million			
	As at 31st March, 2016		As at 31st March, 2015	
<b>15 INVENTORIES</b>				
Raw Materials and Packing Materials	7,949.1		9,565.7	
Goods-in-Transit	602.3	8,551.4	323.4	9,889.1
Work-in-Progress (Refer Note 34)	6,322.0		6,118.9	
Finished Goods	5,621.1		4,175.5	
Goods-in-Transit (Refer Note 34)	-	5,621.1	15.7	4,191.2
Stock in trade	379.3		1,326.7	
Goods-in-Transit (Refer Note 34)	61.0	440.3	61.8	1,388.5
Other Materials and Consumables	386.8		304.8	
	<b>21,321.6</b>		<b>21,892.5</b>	

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million			
	As at 31st March, 2016		As at 31st March, 2015	
<b>16 TRADE RECEIVABLES</b>				
(Unsecured - Considered Good unless stated otherwise)				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered Good	3,723.8		2,592.1	
Considered Doubtful	944.1		467.0	
	<b>4,667.9</b>		<b>3,059.1</b>	
Less: Provision for Doubtful Trade Receivables	944.1	3,723.8	467.0	2,592.1
Other Trade Receivables				
Considered Good	16,444.3		15,436.1	
Considered Doubtful	169.9		-	
	<b>16,614.2</b>		<b>15,436.1</b>	
Less: Provision for Doubtful Trade Receivables	169.9	16,444.3	-	15,436.1
	<b>20,168.1</b>		<b>18,028.2</b>	
<b>17 CASH AND CASH EQUIVALENTS</b>				
<b>Balances that meet the definition of Cash and Cash Equivalents as per AS3 Cash Flow Statements</b>				
Cash on Hand		5.5		7.9
Cheques on Hand		3.8		40.0
Balances with Banks				
In Current Accounts	368.0		1,624.8	
In Deposit Accounts with Original Maturity less than 3 Months	-		13.7	
In EEFC Accounts	1,166.1	1,534.1	245.6	1,884.1
	<b>1,543.4</b>		<b>1,932.0</b>	
<b>Other Bank Balances</b>				
In Deposit Accounts (*)	17.3		2,104.0	
In Earmarked Accounts				
Unpaid Dividend Accounts	63.0		58.6	
Balances held as Margin Money or Security against Guarantees and Other Commitments (*)	70.2	150.5	70.0	2,232.6
	<b>1,693.9</b>		<b>4,164.6</b>	
(*) Other Bank Balances include Deposits amounting to ₹ 2.8 Million (Previous Year Nil) and Margin Monies amounting to ₹ 70.2 Million (Previous Year ₹ 70.0 Million) which have an Original Maturity of more than 12 Months.				



# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million			
	As at 31st March, 2016		As at 31st March, 2015	
<b>18 SHORT-TERM LOANS AND ADVANCES</b>				
(Unsecured - Considered Good unless stated otherwise)				
Loans and Advances to a Related Party (Refer Note 44)				
Considered Good	-		238.4	
Considered Doubtful	512.0		274.0	
	<b>512.0</b>		<b>512.4</b>	
Less: Provision for Doubtful Loans and Advances	512.0	-	274.0	238.4
Loans and Advances to Employees / Others				
Secured Considered Good	4.6		13.6	
Unsecured Considered Good	200.9		481.7	
Considered Doubtful	4.5		4.5	
	<b>210.0</b>		<b>499.8</b>	
Less: Provision for Doubtful Loans and Advances	4.5	205.5	4.5	495.3
Prepaid Expenses		238.0		716.0
Security Deposits		70.2		60.6
Balances with Government Authorities		5,758.1		4,530.7
Advances for Supply of Goods and Services				
Unsecured	1,178.5		925.9	
Considered Doubtful	184.2		185.1	
	<b>1,362.7</b>		<b>1,111.0</b>	
Less: Provision for Doubtful Loans and Advances	184.2	1,178.5	185.1	925.9
		<b>7,450.3</b>		<b>6,966.9</b>
<b>19 OTHER CURRENT ASSETS</b>				
(Unsecured - Considered Good unless stated otherwise)				
Interest Accrued and due on loans (Refer Note 44)				
Considered Good	-		114.4	
Considered Doubtful	151.5		-	
	<b>151.5</b>		<b>114.4</b>	
Less: Provision for Doubtful Interest Accrued and due on loans	151.5	-	-	114.4
Receivable towards forward contracts / derivative instruments		-		772.9
Export Incentives receivable		1,936.4		1,500.3
Fixed Assets held for sale		34.4		34.4
Others		7.4		89.3
		<b>1,978.2</b>		<b>2,511.3</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>20 REVENUE FROM OPERATIONS</b>		
Sale of Products	72,624.6	78,824.7
Other Operating Revenues	4,824.3	2,862.7
	<b>77,448.9</b>	<b>81,687.4</b>
<b>21 OTHER INCOME</b>		
Interest Income on:		
Deposits with Banks	125.5	340.0
Loans and Advances	11.8	302.7
Current Investments	11.6	-
Long-term Investments	-	42.5
Others	82.3	164.6
	231.2	849.8
Dividend Income on Long-term Investments in		
Subsidiary	394.3	-
Others	0.2	0.2
	394.5	0.2
Net Gain on Sale of:		
Current Investments	184.6	172.0
Long-term Investments - Subsidiary	3,242.2	-
Long-term Investments - Others	-	816.9
	3,426.8	988.9
Sundry Balances Written Back (Net)	50.0	-
Insurance Claims	31.4	4.1
Lease Rental and Hire Charges	182.6	170.3
Miscellaneous Income	1.7	102.5
	<b>4,318.2</b>	<b>2,115.8</b>
<b>22 COST OF MATERIALS CONSUMED (REFER NOTE 31)</b>		
Raw and Packing Materials:		
Inventories at the beginning of the year	9,889.1	5,116.4
Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	5,653.1
Purchases during the year	18,860.8	21,730.7
Inventories at the end of the year	(8,551.4)	(9,889.1)
	<b>20,198.5</b>	<b>22,611.1</b>
<b>23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Inventories at the beginning of the year	11,698.6	3,679.1
Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	11,200.5
Inventories at the end of the year	(12,383.4)	(11,698.6)
	<b>(684.8)</b>	<b>3,181.0</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	12,661.4	12,801.3
Contribution to Provident and Other Funds	1,132.3	974.1
Expense on Employee Stock Option Schemes	98.8	205.0
Staff Welfare Expenses	912.6	896.1
	<b>14,805.1</b>	<b>14,876.5</b>
<b>25 FINANCE COSTS</b>		
Interest Expense	2,932.3	2,940.0
Other borrowing costs	42.9	48.7
Net loss on foreign currency transactions and translation	2,331.2	2,523.8
	<b>5,306.4</b>	<b>5,512.5</b>
<b>26 OTHER EXPENSES</b>		
Consumption of Stores, Spare Parts and Other Materials	3,603.8	3,454.9
Conversion and Other Manufacturing Charges	2,017.6	1,930.4
Power and Fuel	3,704.8	3,825.2
Rent	377.7	518.6
Rates and Taxes	739.0	556.5
Insurance	416.2	380.4
Selling and Distribution	3,883.0	3,788.4
Commission and Discount	441.4	528.3
Repairs and maintenance		
Buildings	199.2	193.8
Machinery	907.7	861.8
Others	900.0	950.4
Printing and Stationery	164.7	176.1
Travelling and Conveyance	535.6	605.4
Overseas Travel and Export Promotion	5,127.8	4,346.6
Communication	318.1	402.4
Provision / Write off for Doubtful Trade Receivables / Advances		
Provision for Doubtful Trade Receivables / Advances	1,057.9	388.7
Sundry Balances / Trade Receivables written off (Net)	119.8	74.4
Less: Adjusted out of Provision of earlier year	(22.3)	(85.9)
Professional, Legal and Consultancy	6,260.0	(*) 8,256.6
Donations	26.8	49.0
Loss on Sale / Write off of Fixed Assets (Net)	82.3	64.8
(Decrease) / Increase of Excise Duty on Inventories	138.4	(14.1)
Net Loss on Foreign Currency Transactions and Translation (other than considered as Finance Cost)	2,145.8	1,065.9
[Includes exchange loss of ₹ 160.3 Million (Previous Year ₹ 252.6 Million) in respect of Provision for losses of a subsidiary]		
Payments to Statutory Auditors (Net of input credit, where applicable)		
For Audit @	22.9	15.5

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended		Year ended	
	31st March, 2016		31st March, 2015	
	₹ in Million			
For Other Services	24.5		1.5	
Reimbursement of Expenses	0.6	48.0	0.1	17.1
@ includes ₹ 0.7 Million (Previous year ₹ 1.8 Million) in respect of previous year				
Provision for other-than-temporary diminution in value of non-current investment in an associate (₹ 16,380)		0.0		306.4
Provision in respect of losses of a subsidiary		122.9		467.4
Miscellaneous Expenses		2,431.1		3,726.4
		<b>35,747.3</b>		<b>36,835.9</b>
Less :				
Receipts from Research Activities		(1,271.7)		(976.1)
		<b>34,475.6</b>		<b>35,859.8</b>
( * ) Includes fees to the statutory auditors of erstwhile Ranbaxy Laboratories Limited as auditors - ₹ 27.0 Million				
<b>NOTE: RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE STATEMENT OF PROFIT AND LOSS.</b>				
Salaries and Wages		2,608.6		2,363.8
Contribution to Provident and Other Funds		161.9		177.0
Staff Welfare Expenses		165.3		173.0
Consumption of Stores, Spare Parts and Others Material		2,746.5		2,572.1
Conversion and Other Manufacturing Charges		-		93.5
Power and Fuel		378.9		439.0
Rent		96.9		136.6
Rates and Taxes		35.9		4.9
Insurance		32.9		36.0
Repairs and Maintenance				
Buildings		27.0		15.0
Machinery		191.2		119.7
Others		200.9	419.1	237.8
Printing and Stationery		29.1		34.5
Travelling and Conveyance		263.5		186.8
Communication		53.8		51.7
Professional, Legal and Consultancy		1,464.6		1,061.6
Loss on Sale / Write off of Fixed Assets (Net)		0.6		-
Miscellaneous Expenses		580.3		599.9
		<b>9,037.9</b>		<b>8,302.9</b>
Less :				
Net Interest Income [net of Interest expense on borrowings ₹ 1.6 Million (Previous year ₹ 1.1 Million)]		2.1		2.7
Receipts from Research Activities		1,271.7		976.1
Miscellaneous Income		13.9	<b>1,287.7</b>	14.0
		<b>7,750.2</b>		<b>7,310.1</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## 27 SIGNIFICANT ACCOUNTING POLICIES

### I Basis of Accounting

These financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### II Use of estimates

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

### III Fixed Assets and Depreciation / Amortisation

Fixed Assets including intangible assets are stated at historical cost (net of cenvat credit) less accumulated depreciation/amortisation thereon and impairment losses, if any. Depreciation on tangible assets is provided on straight line method on the basis of useful lives of fixed assets as indicated in Part C of Schedule II of the Companies Act, 2013 and amendment thereto vide notification dated 29th August, 2014 issued by Ministry of Corporate Affairs. Assets costing ₹ 5,000/- or less are charged off as expense in the year of purchase. Intangible assets consisting of trademarks, designs, technical knowhow, non-compete fees and other intangible assets, including computer software, are amortised on straight line method from the date they are available for use, over the useful life of the assets (5-20 years), as estimated by the Management. Leasehold land is amortised over the period of lease.

### IV Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rental income under operating leases is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Total lease rental in respect of a fixed asset taken on operating lease is charged to the Statement of Profit and Loss on a straight line basis over the lease term. For assets given under finance lease, amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment in accordance with Accounting Standard (AS) 19 - "Leases". Assets leased by the Company in its capacity as a lessee, where substantially all the risk and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments. Liability is created for an equivalent amount.

### V Revenue Recognition

Sale of products is recognised when risks and rewards of ownership of the products are passed on to the customers, which is generally on despatch of products. Export sales are recognised on the basis of Bill of lading / Airway bill. Sales include delayed payment charges and are stated net of returns including provision made on account of estimated breakages and expiry date based on past experience, applicable discounts, and VAT / Sales Tax, if any. Other operating income is recognised on an accrual basis and where applicable in accordance with the terms of the relevant agreements.

### VI Investments

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

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## VII Inventories

Inventories consisting of raw and packing materials, other materials and consumables including R&D materials, work-in-progress, stock-in-trade and finished goods are stated at lower of cost and net realisable value. The cost is determined based on weighted average method, except in case of certain raw and packing materials specific identification method is applied and in respect of certain other materials and consumables FIFO method is applied.

## VIII Research and Development

The research and development cost is accounted in accordance with Accounting Standard (AS) 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the Statement of Profit and Loss, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under Intangible assets under development, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under Intangible assets under development is charged off to the Statement of Profit and Loss.

## IX Foreign Currency Transactions

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

## X Derivative Accounting:

Derivative Instruments entered into for hedging the foreign currency fluctuation risk / interest rate risk are accounted for on the principles of prudence as enunciated in Accounting Standard (AS) 1 "Disclosure of Accounting Policies". Pursuant to this, losses, if any, on Mark to Market basis, are recognised in the Statement of Profit and Loss and gains are not recognised.

## XI Taxes on Income

Provision for tax comprises of Current Tax and Deferred Tax. Current Tax provision is made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward for timing differences only to the extent that there is a reasonable certainty that the assets can be realised in future. However, if there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed as at each Balance sheet date for their realisability. Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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.

### **XII Employee Benefits**

- (a) The Company's contribution in respect of provident fund and other funds is charged to the Statement of Profit and Loss each year. With respect to certain employees contribution is made to the provident fund trust maintained by the Company. Provident fund liability for the trust is as determined on actuarial basis by the independent valuer is charged to the Statement of Profit and Loss.
- (b) With respect to gratuity liability, Company contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy except for certain employees, the gratuity benefit of retirement plan where contribution is made to a gratuity fund established as a trust. Gratuity liability as determined on actuarial basis by the independent valuer is charged to the Statement of Profit and Loss.
- (c) Pension plan, a defined benefit retirement plan, provides for lump sum payment to eligible employees at retirement. The pension liability, determined on actuarial basis by an independent valuer, is charged to the Statement of Profit and Loss.
- (d) Liability for accumulated compensated absences of employees being other long term employee benefit is ascertained for on actuarial valuation basis by an independent valuer and provided for as per the Company rules.
- (e) Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they arise.

### **XIII Employee Stock Option based Compensation**

With respect to employee stock option, the fair value of the options is calculated by using Black Scholes pricing model, in respect of the number of options that are expected to ultimately vest. Such cost is recognised on a straight line basis over the vesting period. Adjustment, if any, for difference in initial estimate for number of options that are expected to ultimately vest and related actual experience is recognised in the Statement of Profit and Loss of that period. In respect of vested options that expire unexercised, the cost is reversed in the Statement of Profit and Loss of that period.

### **XIV Borrowing Costs**

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

### **XV Provisions, Contingent Liabilities and Contingent Assets**

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

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## XVI Government Grants / Subsidy

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

## XVII Impairment of Assets

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

## XVIII 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.

		₹ in Million	
		As at 31st March, 2016	As at 31st March, 2015
<b>28</b>	<b>A Contingent Liabilities and Commitments (to the extent not provided for)</b>		
	<b>i Contingent Liabilities</b>		
	a Claims against the Company not acknowledged as debts	36.6	26.0
	b Liabilities Disputed - Appeals filed with respect to :		
	Income Tax on account of Disallowances / Additions	19,026.8	11,087.7
	Sales Tax on account of Rebate / Classification	38.8	37.9
	Excise Duty on account of Valuation / Cenvat Credit	1,016.1	164.5
	ESIC Contribution on account of applicability	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	3,326.4	3,248.0
	Demand by JDGFT import duty with respect to import alleged to be in excess of entitlement as per the Advanced License Scheme	15.4	15.4
	Fine imposed for anti-competitive settlement agreement by European Commission	773.0	689.1
	Octroi demand on account of rate difference	171.0	171.0
	Other matters - employee / worker related cases, State electricity board, Punjab Land Preservation Act related matters etc.	201.1	237.4
	Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.		



# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016	₹ in Million As at 31st March, 2015
<b>Legal Proceedings</b>		
The Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims and other regulatory matters relating to conduct of its business. The Company carries product liability insurance / is contractually indemnified by the manufacturer, 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 will not 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	-	2,873.1
<b>ii Commitments</b>		
a Estimated amount of contracts remaining to be executed on capital account [net of advances].	3,098.8	2,535.8
b Uncalled liability on partly paid investments	0.5	0.5
c Derivative related Commitments - Forward Foreign Exchange Contracts (Refer Note 59)	7,951.2	11,250.0
d Non cancellable lease commitments (Refer Note 42)	80.4	161.7
<b>B Guarantees given by the bankers on behalf of the Company</b>	502.1	435.9
<b>C Letters of Credit for Imports</b>	740.2	1,020.5

## 29 DISCLOSURES RELATING TO SHARE CAPITAL

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

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

### ii Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period (previous year excluding share suspense account)

	Year ended 31st March, 2016		Year ended 31st March, 2015	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Equity shares of ₹ 1 each				
Opening Balance	2,071,163,910	2,071.2	2,071,163,910	2,071.2
Add : Shares allotted during the year pursuant to the scheme of Amalgamation (Refer Note 48)	334,770,248	334.8	-	-
Add : Shares allotted to employees on exercise of employee stock options (excluding shares held by ESOP trust (Refer Note 29 iii))	670,960	0.6	-	-
<b>Closing Balance</b>	<b>2,406,605,118</b>	<b>2,406.6</b>	<b>2,071,163,910</b>	<b>2,071.2</b>

### iii The movement of shares issued to ESOP Trust at Face value is as follows: (previous year excluding share suspense account) :

	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Equity shares of ₹ 1 each				
Shares allotted during the year pursuant to scheme of amalgamation (Refer Note 48)	186,516	0.2	-	-
Add: Shares allotted to the ESOP Trust	160,000	0.1	-	-
Less: Shares issued on exercise of employee stock options by ESOP Trust	223,135	0.2	-	-
<b>At the end of the period</b>	<b>123,381</b>	<b>0.1</b>	<b>-</b>	<b>-</b>

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

- iv 1,035,581,955 (upto the end of previous year 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 (Previous year Nil) Equity shares of ₹ 1 each have been allotted during the year pursuant to scheme of Amalgamation without payment being received in cash (Refer Note 48).
- vi Refer Note 56 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.
- vii **Equity Shares held by each shareholder holding more than 5 percent Equity Shares (previous year excluding Share Suspense Account) in the Company are as follows:**

Name of Shareholders	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Dilip Shantilal Shanghvi	231,140,480	9.6	231,140,480	11.2
Viditi Investment Pvt. Ltd.	201,385,320	8.4	201,385,320	9.7
Tejaskiran Pharmachem Industries Pvt. Ltd.	195,343,760	8.1	195,343,760	9.4
Family Investment Pvt. Ltd.	182,927,440	7.6	182,927,440	8.8
Quality Investments Pvt. Ltd.	182,868,640	7.6	182,868,640	8.8

₹ in Million

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>30 RESEARCH AND DEVELOPMENT EXPENDITURE</b>		
Revenue (Excluding Depreciation) [net]	7,750.2	7,310.1
Capital	543.7	789.4
<b>Total</b>	<b>8,293.9</b>	<b>8,099.5</b>

₹ in Million

	Year ended 31st March, 2016		Year ended 31st March, 2015	
<b>31 INFORMATION RELATING TO CONSUMPTION OF MATERIALS</b>				
Raw and Packing Materials				
Raw Materials		17,014.2		18,814.0
Packing Materials		3,184.3		3,797.1
<b>Total</b>		<b>20,198.5</b>		<b>22,611.1</b>
None of the items individually account for more than 10% of total consumption.				
Imported and Indigenous		%		%
Raw and Packing Materials				
Imported	40.76	8,233.5	46.29	10,466.6
Indigenous	59.24	11,965.0	53.71	12,144.5
<b>Total</b>	<b>100.00</b>	<b>20,198.5</b>	<b>100.00</b>	<b>22,611.1</b>
Stores, Spare Parts and Other Materials				
Imported	21.46	773.4	22.57	779.9
Indigenous	78.54	2,830.4	77.43	2,675.0
<b>Total</b>	<b>100.00</b>	<b>3,603.8</b>	<b>100.00</b>	<b>3,454.9</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in Million	
	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>32 INFORMATION RELATING TO PURCHASES OF STOCK-IN-TRADE</b>		
Formulations	9,277.6	8,429.8
Bulk Drugs	2,366.9	905.0
Others	55.5	7.4
<b>Total</b>	<b>11,700.0</b>	<b>9,342.2</b>
<b>33 INFORMATION RELATING TO SALE OF PRODUCTS</b>		
Formulations	58,696.9	60,516.0
Bulk Drugs	13,278.0	18,285.2
Others	649.7	23.5
<b>Total</b>	<b>72,624.6</b>	<b>78,824.7</b>

	₹ in Million					
	As at 31st March, 2016			As at 31st March, 2015		
	Stock in Trade	Finished Goods	Work-in- Progress	Stock in Trade	Finished Goods	Work-in- Progress
<b>34 INFORMATION RELATING TO INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>						
Formulations	387.3	3,388.5	2,030.8	1,269.7	2,543.2	1,527.8
Bulk Drugs	53.0	2,232.6	4,291.2	118.8	1,648.0	4,591.1
<b>Total</b>	<b>440.3</b>	<b>5,621.1</b>	<b>6,322.0</b>	<b>1,388.5</b>	<b>4,191.2</b>	<b>6,118.9</b>

	₹ in Million	
	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>35 INCOME/EXPENDITURE IN FOREIGN CURRENCY</b>		
Income		
Exports (FOB basis)	39,571.7	46,235.0
Interest and Dividend	394.3	176.4
Royalty	429.7	541.6
Others*	1,775.3	1,752.5
Expenditure		
Raw Materials (CIF basis)	5,884.6	6,323.2
Packing Materials (CIF basis)	592.2	1,510.9
Capital Goods (CIF basis)	2,012.2	3,636.6
Spares and Components (CIF basis)	393.2	758.4
Professional, Legal and Consultancy Charges	4,761.8	4,732.2
Overseas Travel	59.7	50.3
Interest	531.7	801.6
Royalty	67.7	224.0
Others	7,279.5	7,526.3

\* Includes sale of product rights and brands, services charges, processing charges and freight & insurance recoveries

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

**36** The net Exchange Loss of ₹ 4,665.0 Million (Previous Year ₹ 3,861.1 Million) is included in Revenue from Operations, Cost of Materials Consumed, Finance Costs and Other Expenses in the Statement of Profit and Loss, as applicable.

### **37 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.

	As at 31st March, 2016	As at 31st March, 2016
		₹ in Million
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	87.4 (interest ₹ Nil)	94.0 (interest ₹ Nil)
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
iv. The amount of interest due and payable for the year	-	-
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi. 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	-	-

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

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>39 ACCOUNTING STANDARD (AS-20) ON EARNINGS PER SHARE</b>		
Loss for the year (₹ in Million)- used as Numerator for calculating Earnings per share	(10,733.6)	(14,741.3)
Weighted Average number of Shares used in computing Basic Earnings Per Share (taking into account Equity Shares with respect to Share Suspense Account in the previous year)	2,406,379,179	2,404,936,420
Add: Dilution effect of Employee Stock Options	1,059,730	1,193,174
Weighted Average number of Shares used in computing Diluted Earnings Per Share	2,407,438,909	2,406,129,594
Nominal Value Per Share (in ₹)	1	1
Basic Earnings Per Share (in ₹)	(4.5)	(6.1)
Diluted Earnings Per Share (in ₹)	(4.5)	(6.1)

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.

	Year ended 31st March, 2016	Year ended 31st March, 2015
₹ in Million		
<b>40 ACCOUNTING STANDARD (AS-17) ON SEGMENT REPORTING</b>		
(a) Primary Segment		
The Company has identified "Pharmaceuticals" as the only primary reportable business segment.		
(b) Secondary Segment (by Geographical Segment)		
India	31,018.9	30,515.5
Outside India	41,605.7	48,309.2
<b>Sale of Products</b>	<b>72,624.6</b>	<b>78,824.7</b>

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

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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

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 ₹ 587.9 Million (Previous year ₹ 558.2 Million)

	₹ in Million	
	Year ended 31st March, 2016	Year ended 31st March, 2015
Contribution to Provident Fund and Family Pension Fund	474.7	484.7
Contribution to Superannuation Fund	90.3	51.6
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	22.8	21.8
Contribution to Labour Welfare Fund	0.1	0.1

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. Provision for Gratuity is based on actuarial valuation done by independent actuary as at the year end. Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the Statement of Profit and Loss amounting to ₹ 313.8 Million (Previous Year ₹ 244.6 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

The Company had an obligation towards pension, a defined benefit retirement plan, with respect to certain employees, who had already retired before 1st March, 2013, will continue to receive the pension as per the pension plan.

The Company had an obligation towards provident fund, a defined benefit plan, with respect to certain employees upto 31st March 2015 and in the current year the contribution for the same is made to RPF which has been included in defined contribution plan.

Category of Plan Assets : The Company's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India except for certain employees for whom contribution is made to a fund administered under Trust.

	Year ended 31st March, 2016			Year ended 31st March, 2015		
	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)
<b>Expense recognised in the Statement of Profit and Loss</b>						
Current service cost	-	-	166.0	-	180.8	117.2
Interest cost	76.6	347.6	139.5	82.1	480.0	120.1
Expected return on plan assets	-	(393.4)	(138.3)	-	(395.8)	(128.3)
Actuarial loss / (gain)	(32.8)	7.9	309.2	21.7	31.8	221.6
Recognition of unrecognized liabilities / (assets) of earlier years	-	3.7	-	-	(118.7)	-

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

₹ in Million

	Year ended 31st March, 2016			Year ended 31st March, 2015		
	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)
Excess of planned assets over commitments not recognised in the Balance Sheet #	-	34.2	-	-	-	-
Expense charged to the Statement of Profit and Loss	43.8	-	476.4	103.8	178.1	330.6
<b>Reconciliation of defined-benefit commitments</b>						
Commitments as at the beginning of the year	974.8	4,810.2	1,792.3	-	-	305.7
Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	-	-	957.0	4,280.8	1,134.1
Commitments transferred	-	28.9	-	-	68.5	16.0
Current service cost	-	-	166.0	-	180.8	117.2
Employees' Contributions during the year	-	-	-	-	412.1	-
Interest cost	76.6	347.6	139.5	82.1	480.0	120.1
Benefits paid	(87.9)	(588.1)	(244.7)	(86.0)	(614.8)	(126.0)
Actuarial loss / (gain)	(32.8)	-	316.0	21.7	2.8	225.2
Commitments as at the year end	930.7	4,598.6	2,169.1	974.8	4,810.2	1,792.3

₹ in Million

	Year ended 31st March, 2016		Year ended 31st March, 2015	
	Provident Fund (Funded)	Gratuity (Funded)	Provident Fund (Funded)	Gratuity (Funded)
<b>Reconciliation of liability / (asset) recognised in the Balance sheet</b>				
Present value of commitments (as per Actuarial Valuation)	4,598.6	2,169.1	4,810.2	1,792.3
Fair value of plan assets	(4,632.8)	(1,728.0)	(4,806.5)	(1,569.3)
Excess of planned assets over commitments not recognised in the Balance Sheet #	34.2	-	-	-
Net liability / (asset) in the Balance sheet	-	441.1	3.7	223.0
<b>Return on plan assets</b>				
Expected return on plan assets	393.4	138.3	395.8	128.3
Actuarial gain / (loss)	(7.9)	(6.8)	(29.0)	3.6
Actual return on plan assets	385.5	131.5	366.8	131.9
<b>Reconciliation of plan assets</b>				
Plan assets as at the beginning of the year	4,806.5	1,569.3	-	248.2
Pursuant to the Scheme of Amalgamation (Refer Note 48)	-	-	4,399.5	1,271.8
Plan assets transferred	28.9	-	68.5	-
Expected return on plan assets	393.4	138.3	395.8	128.3
Employer's Contributions during the year	-	258.3	174.4	43.4
Employees' Contributions during the year	-	-	412.1	-
Benefits paid	(588.1)	(244.7)	(614.8)	(126.0)
Actuarial gain / (loss)	(7.9)	6.8	(29.0)	3.6
Plan assets as at the year end	4,632.8	1,728.0	4,806.5	1,569.3

# Represents increase in surplus, which in the absence of any right to claim the surplus as refund or expected reduction in future contribution to the plan, is unrecognised.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

### Actuarial assumptions:

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

	Year ended 31st March, 2016			Year ended 31st March, 2015		
	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)
Discount rate	7.54%	7.54%	In range of 7.54% to 7.56%	7.80%	7.80%	In range of 7.80% to 7.94%
Expected return on plan assets	N.A.	8.80%	In range of 7.54% to 7.56%	N.A.	9% to 9.03%	In range of 7.94% to 9.00%
Expected rate of salary increase	N.A.	N.A.	10.00%	N.A.	N.A.	8.00%
Interest rate guarantee	N.A.	8.80%	N.A.	N.A.	8.75%	N.A.
Expected average remaining working life of employees (years)	N.A.	20.91 - 26.72	17.52 - 26.72	N.A.	20.91 - 26.72	20.91 - 26.72
Mortality	Indian Assured Lives Mortality (2006-08)			Indian Assured Lives Mortality (2006-08) Ultimate		
Withdrawal	N.A.	15% - 18%	8% - 18%	N.A.	15% - 18%	3% - 18%
Retirement Age (years)	N.A.	58 and 60	58 and 60	N.A.	58 and 60	58 and 60
<b>The major categories of plan assets as a percentage of total plan assets are as under</b>						
Central government securities	N.A.	21%	1%	N.A.	22%	2%
State government securities	N.A.	12%	-	N.A.	16%	1%
Bonds and securities of public sector / financial institutions	N.A.	53%	9%	N.A.	60%	14%
Insurer managed funds (Funded with LIC, break-up not available)	N.A.	-	89%	N.A.	-	83%
Surplus fund lying uninvested	N.A.	14%	1%	N.A.	2%	-

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

	₹ in Million				
	31st March, 2016	31st March, 2015	Year ended 31st March, 2014	31st March, 2013	31st March, 2012
Experience adjustment (Gratuity)					
On plan liabilities	120.9	181.1	45.2	20.2	25.2
On plan assets	(6.8)	3.6	0.1	4.7	6.4
Present value of commitments	2,169.1	1,792.3	305.7	256.9	299.2
Fair value of plan assets	(1,728.0)	(1,569.3)	(248.2)	(249.3)	(333.4)
Net liability / (asset) in the Balance Sheet	441.1	223.0	57.5	7.6	(34.2)

The contribution expected to be made by the Company for gratuity, during financial year ending 31st March, 2017 is ₹ 314.1 Million (Previous Year ₹ 177.2 Million).

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016		31st March, 2015	
	Pension plan	Provident fund	Pension plan	Provident fund
₹ in Million				
<b>In respect of Pension fund and Provident fund:</b>				
Experience adjustment				
On plan liabilities	(70.8)	-	4.9	(23.5)
On plan assets	-	(7.9)	-	(127.9)
Present value of benefit obligation	930.7	(4,598.6)	974.8	(4,810.2)
Fair value of plan assets	-	4,632.8	-	4,806.5
Excess of obligation over plan assets / (plan assets over obligation)	930.7	(34.2)	974.8	3.7

# Pursuant to the scheme of amalgamation (Refer Note 48)

In respect of the erstwhile Ranbaxy Laboratories Limited (erstwhile RLL), the Company has recognised an expense of ₹ 68.2 Million (Previous year ₹ 16.8 Million) pertaining to portion of employers' contribution paid to the statutory authorities, which is included in "Employee benefits expense".

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

(a) The Company 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 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 license, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. (c) Lease receipts / payments are recognised in the Statement of Profit and Loss under "Lease Rental and Hire Charges" & "Rent" in Note 21 and 26 respectively. (d) The future minimum lease payments in respect of assets taken on non cancellable operating leases are as under

	₹ in Million	
	31st March, 2016	31st March, 2015
i Not later than one year	62.2	64.0
ii Later than one year and not later than five years	18.2	91.4
iii Later than five years	-	6.3
<b>Total</b>	<b>80.4</b>	<b>161.7</b>

43 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹ 116.5 Million (Previous Year ₹ 46.7 Million).



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FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	(₹ in Million)			
	As at 31st March, 2016	Maximum Balance 2015-16	As at 31st March, 2015	Maximum Balance 2014-15
<b>44 LOANS / ADVANCES GIVEN TO SUBSIDIARIES AND AN ASSOCIATES</b>				
<b>(a) Loans / Advances outstanding from Subsidiaries</b>				
Green Eco Development Centre Ltd	4.4	4.4	4.4	4.4
Skisen Labs Private Limited	-	-	-	356.0
Neetnav Real Estate Private Limited	-	0.4	0.4	148.6
Ranbaxy Drugs Limited	-	25.6	25.6	314.5
Ranbaxy (Netherlands) BV	-	-	-	9,642.7
<b>Advances: Share Application Money to</b>				
Sun Pharma De Mexico, S.A. DE C.V.	-	-	-	161.4
	<b>4.4</b>		<b>30.4</b>	
Note: includes interest accrued on loans				
<b>(b) Loans / Advances outstanding from an Associate</b>				
<b>Loans</b>				
<b>Interest bearing with specified payment schedule:</b>				
Zenotech Laboratories Limited, India *		663.5		600.8
Considered good	-		326.8	
Considered doubtful	663.5		274.0	
	663.5		600.8	
Less: Provision for doubtful loans / advances	663.5		274.0	
	<b>-</b>		<b>326.8</b>	

\* includes interest accrued on loans amounting to ₹ 151.5 Million (Previous Year ₹ 88.8 Million)

These loans have been granted to the above entities for the purpose of their business.

- 45** Consequent to the amalgamation of erstwhile RLL into the Company as referred in Note 48, 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. 24th March, 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 ₹ 151.5 Million (Previous year ₹ 88.8 Million). During the year, Zenotech's reference to the Board for Industrial and Financial Reconstruction (BIFR) had already been registered as case no. 115/2015 under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985.
- 46** Intangible assets consisting of trademarks, designs, technical knowhow, non compete fees and other intangible assets are stated at cost of acquisition based on their agreements and are available to the Company in perpetuity. The 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.
- 47** Exceptional item for the year represents charge on account of impairment of fixed assets. This charge has arisen on account of the integration and optimization exercise being carried out for certain manufacturing facilities.

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- 48** 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 24th March, 2015 (effective date) all the assets, liabilities and reserves of erstwhile RLL were transferred to and vested in the Company with effect from 1st April, 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 financial statements for the year ended 31st March, 2015. The amalgamation was accounted for under the "Pooling of Interest Method" as prescribed under Accounting Standard 14- "Accounting for Amalgamations" (AS 14) as specified under section 133 of the Companies Act 2013. Accordingly and giving effect in compliance of the Scheme of Arrangement all the assets, liabilities and reserves of erstwhile RLL were recorded in the books of the Company at their carrying amounts and in the same form as at the appointed date in the books of erstwhile RLL. On 10th April, 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. These shares were considered for the purpose of calculation of earnings per share appropriately. 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 31st March, 2015 and disclosed as Share Suspense Account) was credited to Capital Reserve.
- 49** Erstwhile RLL had early adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" and AS 31 "Financial Instruments: Presentation" for accounting of derivative instruments which are outside the scope of Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates" such as forward contracts to hedge highly probable forecast transactions, option contracts, currency swaps, interest rate swaps etc. In order to align with the Company's accounting policy, derivative instruments were accounted for in accordance with the announcement issued by the Institute of Chartered Accountants of India dated 28th March, 2008. On the principles of prudence as enunciated in Accounting Standard 1 "Disclosure of Accounting Policies" which requires to provide losses in respect of all outstanding derivative instruments at the balance sheet date by marking them to market. Accordingly, the unrealised MTM gain of ₹ 905.4 Million as at 1st April, 2014 was reversed in the financial statements for the year ended 31st March, 2015.
- 50** Out of a MAT credit entitlement of ₹ 8,222.7 Million which was written down by the erstwhile RLL during the quarter ended 31st December 2014, an amount of ₹ 7,517.0 Million was recognized by the Company in the year ended 31st March, 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.
- 51** Pursuant to the Scheme of Amalgamation u/s 391 to 394 of the Companies Act, 1956 and u/s 52 of the Companies Act, 2013 for amalgamation of erstwhile Sun Pharma Global Inc.(Transferor Company) with the Company, with effect from 1st January, 2015 (appointed date), as sanctioned by the Hon'ble High Court of Gujarat, filed with the Registrar of Companies on 6th August, 2015 (effective date), all the assets, liabilities, reserves and surplus of Transferor Company were transferred to and vested in the Company without any consideration, on going concern basis. Transferor Company was a wholly owned subsidiary of the company and was engaged in the business activities of strategic and non-strategic investments and financing mainly to its group subsidiary or associate companies worldwide. The amalgamation was accounted for under the "Pooling of Interest Method" as prescribed under Accounting Standard 14- "Accounting for Amalgamations" (AS 14) specified under section 133 of the Companies Act, 2013. The scheme was given effect to

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in the financial statements for the year ended 31st March, 2015 and accordingly all the assets, liabilities, reserves and surplus of Transferor Company were recorded in the books of the Company at their carrying amounts and in the same form as at the appointed date in the books of the Transferor Company. Transferor Company being a wholly owned subsidiary of the Company neither any shares were required to be issued nor any consideration was paid. The Equity Share Capital, Preference Share Capital, Share application money pending allotment and securities premium account of the Transferor Company and the carrying value of investment in Equity Shares, Preference Shares and Share application money of the Transferor Company in the books of the Transferee Company stood cancelled. Accordingly the difference of ₹ 6,498.8 Million between the amount of share capital of the Transferor Company and the consideration being Nil, after adjusting for the carrying value of Investments in the books of the Company, was credited to Capital Reserve.

- 52** With regard to tangible assets, the Company has adopted the useful life of fixed assets as indicated in Part C of Schedule II of the Companies Act, 2013 and amendment thereto vide notification dated 29th August, 2014 issued by the Ministry of Corporate Affairs. Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on 1st April, 2014, were fully depreciated and an amount of ₹ 491.8 Million was charged to the Statement of Profit and Loss for the year ended 31st March, 2015.
- 53** Since the US-FDA import alert on cephalosporin product manufactured 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.
- 54** (a) The US-FDA, on 23rd January, 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 terms of the consent decree of permanent injunction entered into by the Company in January 2012. 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 13th March, 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.
- (b) In December 2015, the US-FDA issued warning letter to the Company with respect to its manufacturing facility at Halol. The Company remains fully committed to implement all corrective measures to address the observations made by the US-FDA with the help of third party consultant. The Company is providing regular updates to US-FDA on the progress of the corrective actions committed in the response to warning letter. 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.

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## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

**55** In the absence of net profits in the Company for the previous year ended 31st March, 2015, remuneration to the Managing Director and a Whole-time Director of the Company for the previous year ended 31st March, 2015 was in excess of the limits specified under Schedule V to the Companies Act, 2013 by ₹ 20.7 Million. In this regard the Company had made necessary applications to the Central Government of India for approving of the amounts of maximum remuneration payable, which includes the excess amounts already paid / provided. During the year, the Company has received a letter from the Central Government of India approving the remuneration of ₹ 6.0 Million per annum each to the Managing Director and each of Whole-time Directors of the Company for the three years ending 31st March, 2017, which is lower than the limits of maximum remuneration prescribed under Schedule V to the Companies Act, 2013, and in respect of which, the Company has made further representations to the Central Government of India. The response in respect of the foregoing is awaited from the Central Government of India. For the current year, the remuneration paid is within the limits prescribed under Schedule V to the Companies Act, 2013. On receipt of the approval from the Central Government of India, the balance amount of remuneration for the current year, as per their entitlement, shall be paid to the Managing Director and a Whole-time Director, as applicable, and the same shall be given effect to in the year in which the approval is received.

### **56 EMPLOYEE SHARE-BASED PAYMENT PLANS**

- (a) Erstwhile 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 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.

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. As per the Guidance Note on Accounting for Employee Share based Payments issued by the Institute of Chartered Accountants of India, the shares issued to an ESOP Trust but yet to be allocated to the employees as on the reporting date have been deducted from the Share Capital with a corresponding adjustment to the loan receivable from ESOP Trust. Accordingly, the Company has adjusted shares held by the ESOP Trust on the reporting date from the Share Capital / Share Suspense Account.

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

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## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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 30 June 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 for the current year is given below:

	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	270.00-703.00	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	270.00-703.00	496.0	3.3
Total Number of options outstanding	1,169,586	270.00-703.00	496.0	3.3
Exercised during the year \$	(447,825)	270.00-703.00	518.9	-
Lapsed during the year	(111,022)	270.00-703.00	479.9	-
Outstanding at the end of the year *	610,739	270.00-703.00	480.9	2.5
Exercisable at the end of the year *	610,739	270.00-703.00	480.9	-

\* Includes options exercised, pending allotment.

\$ Weighted average share price on the date of exercise ₹ 823.63

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**The movement of the options (post split) granted under SUN-ESOP 2015 for the current year is given below:**

	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

\$ Includes 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 ₹ 98.8 Million (Previous Year ₹ 205.0 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 movement of the options (post split) granted under ESOS II and ESOS 2005 for the previous year is given below:**

	Stock options (numbers)	Range of Exercise prices (₹)	Weighted-average exercise prices ( ₹ )	Weighted-average remaining contractual life (years)
Pursuant to the Scheme of Amalgamation	3,579,582	216.00-561.00	426.2	3.4
Forfeited during the year	(21,578)	450.00-450.00	450.0	-
Exercised during the year *	(1,434,434)	216.00-538.50	419.2	-
Lapsed during the year	(661,639)	216.00-538.50	506.4	-
Outstanding at the end of the year \$	1,461,931	216.00-561.00	396.3	3.3
Exercisable at the end of the year \$	1,461,931	216.00-561.00	396.3	3.3
Pursuant to the Scheme of Amalgamation				
Outstanding, end of the year ^	1,169,545	270.00-703.00	496.0	3.3
Exercisable at the end of the year ^	1,169,545	270.00-703.00	496.0	3.3

\$ Includes options exercised, pending allotment.

\* Weighted average share price on the date of exercise ₹ 637.7

^ Number of shares and exercise price are adjusted in accordance with the share exchange ratio (0.8) as per the scheme

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The movement of the options (post split) granted under ESOP 2011 for the previous year is given below:

	Stock options (numbers)	Exercise price (₹)	Weighted- average exercise prices ( ₹ )	Weighted- average remaining contractual life (years)
Pursuant to the Scheme of Amalgamation	986,905	5.0	5.0	0.9
Granted during the year	481,766	5.0	5.0	-
Forfeited during the year	(202,133)	5.0	5.0	-
Exercised during the year #*	(675,123)	5.0	5.0	-
Lapsed during the year	(29,628)	5.0	5.0	-
Outstanding, end of the year	561,787	5.0	5.0	1.7
Exercisable at the end of the year \$	52,434	5.0	5.0	0.2
Pursuant to the Scheme of Amalgamation				
Outstanding, end of the year ^	449,430	6.3	6.3	1.7
Exercisable at the end of the year ^	41,948	6.3	6.3	0.2

\$ Includes options exercised, pending allotment.

# Shares allotted by the ESOP Trust against these exercises

\* Weighted average share price on the date of exercise ₹ 621.36

^ Number of shares and exercise price are adjusted in accordance with the share exchange ratio (0.8) as per the scheme

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.

- (b) As at March 31, 2016, the Company has received an amount of ₹ 6.7 Million towards share application money towards 13,780 equity shares of the Company [As at March 31, 2015 ₹ 149.0 Million towards 280,474 equity shares (no. of shares post merger) at a premium of ₹ 6.7 Million (As at March 31, 2015 ₹ 148.7 Million)]. 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.



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## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

### 57 (A) Details of Long term borrowings and current maturities of long term debt (included under Other Current Liabilities)

- (I) Unsecured External Commercial Borrowings (ECBs) has 6 loans aggregating of USD 266 Million (Previous Year USD 288 Million) equivalent to ₹ 17,625.2 Million (Previous Year ₹ 18,001.4 Million) [(included in long term borrowings ₹ 15,902.4 Million (Previous Year ₹ 11,625.9 Million) and ₹ 1,722.8 Million (Previous Year ₹ 6,375.5 Million) in current maturity of long term debt)]. For the ECB loans outstanding as at 31st March, 2016, the terms of repayment for borrowings are as follows:
- (a) Nil (Previous Year USD 50 Million) equivalent to Nil (Previous Year ₹ 3,125.2 Million) The loan was taken on 12th August, 2010. The outstanding amount has been repaid in Current Year.
  - (b) Nil (Previous Year USD 30 Million) equivalent to Nil (Previous Year ₹ 1,875.2 Million) The loan was taken on 9th September, 2010. The outstanding amount has been repaid in Current Year.
  - (c) USD 20 Million (Previous Year USD 30 Million) equivalent to ₹ 1,325.2 Million (Previous Year ₹ 1,875.2 Million) The loan was taken on 30th June, 2011 and is repayable in 3 equal installments of USD 10 Million each at the end of 4th year, 5th year and 6th year. First installment of USD 10 Million has been repaid in Current Year and the last instalment is due on 30th June, 2017.
  - (d) USD 50 Million (Previous Year USD 50 Million) equivalent to ₹ 3,313.0 Million (Previous Year ₹ 3,125.2 Million) The loan was taken on 20th September, 2012 and is repayable on 19th September, 2017.
  - (e) USD 100 Million (Previous Year USD 100 Million) equivalent to ₹ 6,626.0 Million (Previous Year ₹ 6,250.5 Million) The loan was taken on 4th June, 2013 and is repayable on 3rd June, 2018.
  - (f) USD 16 Million (Previous Year USD 28 Million) equivalent to ₹ 1,060.2 Million (Previous Year ₹ 1,750.1 Million) Loan of USD 40 Million was taken on 25th March, 2011 and is 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. Second installment of USD 12 Million has been repaid in Current Year and first instalment of USD 12 Million was repaid in Previous Year. The last instalment is due on 24th March, 2017.
  - (g) USD 50 Million (Previous Year Nil) equivalent to ₹ 3,313.0 Million (Previous Year Nil) The loan was taken on 11th August, 2015 and is repayable on 11th August, 2017.
  - (h) USD 30 Million (Previous Year Nil) equivalent to ₹ 1,987.8 Million (Previous Year Nil) The loan was taken on 9th September, 2015 and is repayable on 8th September, 2017.
- (II) Unsecured Loan under Foreign Currency Non Resident (FCNR B) Scheme of USD 50 Million (Previous Year Nil) equivalent to ₹ 3,313.0 Million (Previous Year Nil). The loan was taken on 19th August, 2015 and is repayable on 18th August, 2017.
- (III) Redeemable non-convertible debentures of Nil (Previous Year ₹ 5,000.0 Million) issued on 23rd November, 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 23rd November, 2012 and has been repaid in Current Year.



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## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

- (IV) Unsecured Term Loan of Nil (Previous Year ₹ 2,500.0 Million) has been repaid in Current Year.
- (V) Secured Term Loan from Department of Biotechnology of ₹ 77.3 Million (Previous Year ₹ 77.3 Million) has been secured by hypothecation of assets and goods of the Company. The loan is repayable in 10 (Previous Year 10) half yearly instalments of ₹ 7.7 Million (Previous Year ₹ 7.7 Million) each commencing from 26th September, 2017, last instalment is due on 26th March, 2022.

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.

- 58** 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 Accounting Standard (AS) 29 - "Provisions, Contingent Liabilities & Contingent Assets" has been given below :

	As at 31st March, 2016			As at 31st March, 2015		
	Product and Sales related *	Consultancy charges	Total	Product and Sales related *	Consultancy charges	Total
At the commencement of the year	27,240.4	508.1	27,748.5	26,312.2	-	26,312.2
Add :Pursuant to the Scheme of amalgamation (Refer Note 48)	-	-	-	609.1	-	609.1
Add: Provision for the year	829.3	-	829.3	1,149.3	508.1	1,657.4
Add : Foreign Currency Exchange Fluctuation	1,388.6	-	1,388.6	1,056.4	-	1,056.4
Less: Utilisation / Settlement	2,498.0	508.1	3,006.1	1,886.5	-	1,886.5
At the end of the year	26,960.3	-	26,960.3	27,240.5	508.1	27,748.6

₹ in Million

(\*) includes provision for trade commitments, discounts, rebates and product returns

- 59** (a) The following are the outstanding contracts of derivative instruments entered into by the Company as on 31st March, 2016

	Currency	Buy/Sell	Cross Currency	Amount in Million	
				31st March, 2016	31st March, 2015
Forward contract	USD	Sell	INR	\$140.0	\$350.0
Forward contracts	USD	Buy	INR	\$14.0	\$170.0
Currency swaps	USD	Buy	INR	-	\$30.0
Currency options	USD	Buy	INR	\$100.0	\$100.0
Currency options **	USD	Sell	INR	\$1.0	\$71.0
Interest rate swaps	USD	Buy	INR	\$40.0	-
Currency cum interest rate swaps	USD	Buy	INR	\$50.0	\$100.0
Forward contracts	ZAR	Sell	INR	-	ZAR 42.5

\*\* Structured Options @ 2.00 to 2.50 times

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(i) Amounts receivable in foreign currency on account of the following :

	Currency	As at 31st March, 2016		As at 31st March, 2015	
		Amount in Million		Amount in Million	
<b>Exports of Goods and Services</b>	US Dollar	\$ 30.9	₹ 2,047.4	-	-
	Euro	€ 21.5	₹ 1,620.1	€ 17.3	₹ 1,159.9
	Great Britain Pound	£ 0.3	₹ 28.8	£ 2.0	₹ 181.1
	Russian Ruble	RUB 1,219.7	₹ 1,194.1	RUB 1,156.5	₹ 1,240.4
	Bangladesh Taka	BDT 223.0	₹ 188.4	BDT 191.1	₹ 152.9
	South African Rand	ZAR 466.9	₹ 2,087.2	ZAR 70.8	₹ 362.2
	Australian Dollar	AUD 11.8	₹ 599.7	AUD 4.4	₹ 210.9
	Malaysian Ringet	MYR 5.4	₹ 92.5	MYR 2.5	₹ 42.0
	Japanese Yen	-	-	¥ 14.3	₹ 7.4
	Nigerian Naira	NGN 68.5	₹ 22.8	NGN 22.7	₹ 7.2
	Canadian Dollar	-	-	CAD 1.9	₹ 91.9
	Polish Zloty	-	-	PLN 1.3	₹ 21.7
	Others	-	₹ 54.1	-	₹ 24.3
	<b>Cash and Bank balances</b>	US Dollar	\$ 17.8	₹ 1,179.4	\$ 6.4
Euro		€ 0.9	₹ 69.1	€ 0.2	₹ 13.2
Russian Ruble		RUB 26.6	₹ 26.0	RUB 65.5	₹ 70.2
West African CFA Franc		CFR 92.5	₹ 10.6	CFR 176.0	₹ 16.8
Chinese Yuan Renminbi		RMB 0.4	₹ 4.0	RMB 2.0	₹ 20.1
Others		-	₹ 8.6	-	₹ 16.3

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(ii) Amounts payable in foreign currency on account of the following :

	Currency	As at 31st March, 2016		As at 31st March, 2015	
		Amount in Million		Amount in Million	
<b>Import of Goods and Services</b>	US Dollar	\$ 63.5	₹ 4,204.8	\$ 28.5	₹ 1,752.8
	Euro	€ 16.7	₹ 1,250.5	€ 26.2	₹ 471.2
	Great Britain Pound	£ 1.7	₹ 157.6	£ 1.6	₹ 148.9
	Japanese Yen	¥ 8.4	₹ 4.9	¥ 5.1	₹ 2.5
	Israel Shakel	ILS 3.3	₹ 56.8	ILS 0.6	₹ 9.0
	Russian Ruble	RUB 2.6	₹ 2.6	RUB 59.0	₹ 63.4
	Australian Dollar	AUD 0.6	₹ 31.3	AUD 0.4	₹ 18.9
	UAE Dinar	AED 0.3	₹ 5.6	AED 0.8	₹ 12.8
	Kazakhstani Tenge	KZT 39.7	₹ 7.7	KZT 27.4	₹ 9.2
	Central African Franc	CFR 403.5	₹ 46.2	CFR 404.1	₹ 41.7
	Vietnamese Dong	VND 38.3	₹ 113.7	VND 1,430.5	₹ 4.2
	South African Rand	ZAR 33.4	₹ 149.1	ZAR 0.2	₹ 1.1
	Others	-	₹ 40.3	-	₹ 12.3
<b>Product settlement, claims, recall charges and trade commitments</b>	US Dollar	\$ 221.5	₹ 14,674.5	\$ 228.5	₹ 14,276.4
<b>Provision in respect of losses of subsidiaries</b>	Euro	€ 20.8	₹ 1,569.8	€ 19.2	₹ 1,286.6
<b>Commission Payable</b>	US Dollar	\$ 6.1	₹ 404.4	\$ 5.8	₹ 361.1
	Euro	€ 0.9	₹ 68.5	€ 0.9	₹ 62.4
<b>Loans</b> (include interest accrued but not due on borrowings)	US Dollar	\$ 607.4	₹ 40,246.3	\$ 327.8	₹ 20,486.7

60 Previous year figures are regrouped wherever necessary.

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

ANNEXURE "A"

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

Names of related parties where control exists and description of relationships

### 1. Subsidiaries

Green Eco Development Centre Limited
Sun Pharma Global Inc. (Refer Footnote 4)
Sun Pharmaceutical (Bangladesh) Limited
Sun Pharmaceutical Industries, Inc.
SUN Farmaceutica Do Brasil Ltda.
Sun Pharma De Mexico S.A. DE C.V.
SPIL De Mexico S.A. DE C.V.
Sun Pharmaceutical Peru S.A.C.
OOO "Sun Pharmaceutical Industries" Ltd.
Sun Pharma De Venezuela, CA.
Sun Pharma Laboratories Limited
Faststone Mercantile Company Private Limited
Neetnav Real Estate Private Limited
Realstone Multitrade Private Limited
Skisen Labs Private Limited
Softdeal Trading Company Private Limited
Ranbaxy Pharmacie Generiques
Ranbaxy Drugs Limited
Vidyut Investments Limited
Gufic Pharma Limited
Ranbaxy (Malaysia) Sdn. Bhd.
Ranbaxy Nigeria Limited
Ranbaxy (Netherlands) B.V.
Caraco Pharma Inc. (Refer Footnote 5)
Chattem Chemicals, Inc
The Taro Development Corporation
Alkaloida Chemical Company Zrt.
Sun Pharmaceutical UK Limited
Sun Pharmaceutical Industries (Australia) Pty Limited
Aditya Acquisition Company Ltd.
Sun Pharmaceutical Industries (Europe) B.V.
Sun Pharmaceuticals Italia S.R.L.
Sun Pharmaceutical Spain, S.L.U
Sun Pharmaceuticals Germany GmbH
Sun Pharmaceuticals France
Sun Pharma Global FZE
Sun Pharmaceuticals (SA) (Pty) Ltd.
Sun Global Canada Pty. Ltd.
Sun Pharma Philippines, Inc.
Sun Pharmaceuticals Korea Ltd.
Sun Global Development FZE
Caraco Pharmaceuticals Private Limited
Sun Pharma Japan Ltd.
Sun Pharma Healthcare FZE
Sun Pharma MEA JLT (Refer Footnote 3)
Morley & Company, Inc.
Sun Laboratories FZE
Taro Pharmaceutical Industries Ltd. (TARO)
Taro Pharmaceuticals Inc.
Taro Pharmaceuticals U.S.A., Inc.

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## ANNEXURE "A"

Taro Pharmaceuticals North America, Inc.
Taro Pharmaceuticals Europe B.V.
Taro Pharmaceuticals Ireland Limited
Taro International Ltd.
Taro Pharmaceuticals (UK) Limited
Taro Hungary Intellectual Property Licensing Limited Liability Company
3 Skyline LLC
One Commerce Drive LLC
Tarochem Limited (Refer Footnote 2)
Taro Pharmaceutical Laboratories Inc
Taro Pharmaceuticals Canada, Ltd.
Taro Pharmaceutical India Private Limited. (Refer Footnote 8)
Orta Ltd. (Refer Footnote 2)
Sun Universal Ltd (Refer Footnote 2)
Khyati Realty ME Ltd. (Refer Footnote 2)
Aditya Pharma Private Limited (Refer Footnote 2)
Alkaloida Sweden AB
Dusa Pharmaceuticals, Inc
Dusa Pharmaceuticals New York, Inc.
Sirius Laboratories Inc
URL Pharma, Inc (Refer Footnote 11)
AR Scientific, Inc (Refer Footnote 10)
Mutual Pharmaceutical Company Inc.
United Research Laboratories, Limited (Refer Footnote 10)
Dungan Mutual Associates, LLC
URL PharmaPro, LLC
Universal Enterprises Private Limited
Sun Pharma Switzerland Limited
Sun Pharma Holdings
Silverstreet Developers LLP
Sun Pharma East Africa Limited (Refer Footnote 1)
Pharmalucence, Inc. (Refer Footnote 1)
PI Real Estate Ventures, LLC (Refer Footnote 1)
Ranbaxy Australia Pty Ltd
Ranbaxy Belgium N.V. (Refer Footnote 9)
Ranbaxy Farmaceutica Ltda.
Ranbaxy Pharmaceuticals Canada Inc.
Ranbaxy Egypt LLC
Rexcel Egypt LLC
Office Pharmaceutique Industriel Et Hospitalier
Basics GmbH
Ranbaxy GmbH
Ranbaxy Ireland Limited
Ranbaxy Italia S.P.A
Ranbaxy PRP (Peru) S.A.C.
Ranbaxy (Poland) Sp Z o.o.
Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda (Refer Footnote 9)
S.C Terapia S.A.
AO Ranbaxy ( Formerly Known as ZAO Ranbaxy)
Ranbaxy South Africa Proprietary Limited
Ranbaxy Pharmaceuticals Proprietary Limited

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## ANNEXURE "A"

	Be-Tabs Investments Proprietary Limited
	Sonke Pharmaceuticals Proprietary Limited
	Laboratorios Ranbaxy, S.L.U
	Ranbaxy (U.K.) Limited
	Ranbaxy Holdings (U.K.) Limited
	Ranbaxy Europe Limited
	Ranbaxy Inc.
	Ranbaxy Pharmaceuticals, Inc.
	Ranbaxy (Thailand) Company Limited
	Ranbaxy USA, Inc. (Refer Footnote 2)
	Ohm Laboratories, Inc.
	Ranbaxy Laboratories, Inc.
	Ranbaxy Signature LLC
	Sun Pharmaceuticals Morocco LLC (Formerly Known As Ranbaxy Morocco LLC)
	"Ranbaxy Pharmaceuticals Ukraine" LLC
	Perryton Wind Power LLC (Refer Footnote 6)
	Insite Visions Incorporated (Refer Footnote 6)
	Insite Vision Ltd. (Refer Footnote 6)
	Thea Acquisition Corporation (Refer Footnotes 6 and 12)
	Zalicus Pharmaceuticals Limited (Refer Footnote 7)
	Solrex Pharmaceuticals Company

### Names of related parties where there are transactions and description of relationships

#### 2. Jointly Controlled Entities

S & I Ophthalmic LLC

#### 3. Associate

Zenotech Laboratories Limited

Daiichi Sankyo (Thailand) Limited

#### 4. Key Management Personnel

Mr. Dilip S. Shanghvi

Managing Director

Mr. Sudhir V. Valia

Wholetime Director

Mr. Sailesh T. Desai

Wholetime Director

#### 5. Relatives of Key Management Personnel

Mr. Aalok Shanghvi

Son of Managing Director

Ms. Vidhi Shanghvi

Daughter of Managing Director

#### 6. Enterprise under significant Influence of Key Management Personnel or their relatives

Sun Petrochemicals Pvt Ltd

Navjivan Rasayan (Gujarat) Pvt Ltd

Sun Pharma Advanced Research Company Ltd

#### Footnote

- 1 Incorporated / Acquired during the previous year
- 2 Dissolved / Liquidated during the previous year
- 3 Merged with Sun Pharma Global FZE during the previous year
- 4 Since amalgamated into the Company on January 1, 2015
- 5 Merged with Sun Pharmaceutical Industries, Inc. during the year
- 6 Incorporated / Acquired during the year
- 7 Acquired and merged with Taro Pharmaceutical Industries Ltd. during the year
- 8 Taro Pharmaceutical India Private Ltd. Is under liquidation
- 9 Dissolved / Liquidated during the year
- 10 Merged with URL Pharma Inc during the year
- 11 Merged with Mutual Pharmaceutical Company, Inc. during the year
- 12 Merged with Insite Visions incorporated during the year

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## ANNEXURE "A"

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

Particulars	Subsidiaries		Joint Controlled Entities		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
<b>Particulars</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>
<b>Purchase of goods</b>														
Solrex Pharmaceuticals Company	2,078.4	1,980.0	-	-	20.6	37.3	-	-	-	-	1.1	0.3	2,100.1	2,017.6
Sun Pharma Laboratories Limited	1,207.2	946.3	-	-	-	-	-	-	-	-	-	-	1,207.2	946.3
Sun Pharma Laboratories Limited	689.5	468.4	-	-	-	-	-	-	-	-	-	-	689.5	468.4
Alkaloida Chemical Company Zrt.	98.2	243.9	-	-	-	-	-	-	-	-	-	-	98.2	243.9
Ohm Laboratories, Inc.	2.8	228.5	-	-	-	-	-	-	-	-	-	-	2.8	228.5
Others	80.7	92.9	-	-	20.6	37.3	-	-	-	-	1.1	0.3	102.4	130.5
<b>Purchase of Fixed Assets</b>														
Sun Pharma Advanced Research Company Ltd	0.5	1,134.1	-	-	-	-	-	-	-	-	4.0	-	4.5	1,134.1
Sun Pharma Laboratories Limited	-	-	-	-	-	-	-	-	-	-	4.0	-	4.0	-
Neethav Real Estate Private Limited (Refer Footnote (i) to Note 10)	0.5	-	-	-	-	-	-	-	-	-	-	-	0.5	-
<b>Purchase of Undertaking</b>														
Sun Pharma Laboratories Limited	-	980.0	-	-	-	-	-	-	-	-	-	-	-	980.0
<b>Sale of goods</b>														
Sun Pharma Global (FZE)	23,042.6	30,297.7	-	-	340.4	392.9	-	-	-	-	10.0	15.5	23,393.0	30,706.1
Sun Pharma Laboratories Limited	3,311.7	3,648.6	-	-	-	-	-	-	-	-	-	-	3,311.7	3,648.6
Ohm Laboratories, Inc.	2,632.2	3,891.9	-	-	-	-	-	-	-	-	-	-	2,632.2	3,891.9
Others	922.9	7,306.6	-	-	-	-	-	-	-	-	-	-	922.9	7,306.6
Sun Pharma Laboratories Limited	16,175.8	15,450.6	-	-	340.4	392.9	-	-	-	-	10.0	15.5	16,526.2	15,859.0
<b>Sale of Fixed Assets</b>														
Sun Pharma Laboratories Limited	86.3	74.8	-	-	-	-	-	-	-	-	0.4	0.4	86.7	75.2
Solrex Pharmaceuticals Company	65.8	13.7	-	-	-	-	-	-	-	-	-	-	65.8	13.7
AO Ranbaxy	15.8	20.5	-	-	-	-	-	-	-	-	-	-	15.8	20.5
Others	3.9	38.4	-	-	-	-	-	-	-	-	-	-	3.9	38.4
<b>Receiving of Service</b>														
S.C Terapia S.A.	0.8	2.2	-	-	-	-	-	-	-	-	0.4	0.4	1.2	2.6
Sun Pharma Advanced Research Company Ltd	1,609.9	1,710.1	-	-	-	0.5	-	-	-	-	258.7	167.8	1,868.6	1,878.4
Ohm Laboratories, Inc.	262.7	461.7	-	-	-	-	-	-	-	-	-	-	262.7	461.7
Ranbaxy Europe Limited	-	-	-	-	-	-	-	-	-	-	258.7	167.8	258.7	167.8
Others	211.6	20.2	-	-	-	-	-	-	-	-	-	-	211.6	20.2
<b>Total</b>	<b>161.4</b>	<b>309.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161.4</b>	<b>309.9</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

ANNEXURE "A"

Particulars	Subsidiaries		Joint Controlled Entities		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant influence of Key Management Personnel or their relatives		Total	
	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
Particulars	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
Others	974.2	918.3	-	-	-	0.5	-	-	-	-	974.2	918.8	-	-
<b>Reimbursement of Expenses</b>	1,101.2	1,066.0	-	-	-	0.3	-	-	-	-	1,104.0	1,066.3	2.8	-
Sun Pharmaceutical Industries, Inc.	320.7	614.7	-	-	-	-	-	-	-	-	320.7	614.7	-	-
Sun Pharmaceutical Industries (Europe) B.V.	159.9	152.0	-	-	-	-	-	-	-	-	159.9	152.0	-	-
Sun Pharmaceuticals France	149.8	31.0	-	-	-	-	-	-	-	-	149.8	31.0	-	-
Ranbaxy Pharmaceuticals (Pty) Ltd.	149.1	-	-	-	-	-	-	-	-	-	149.1	-	-	-
Sun Pharma Global (FZE)	7.6	133.1	-	-	-	-	-	-	-	-	7.6	133.1	-	-
Others	314.1	135.2	-	-	-	0.3	-	-	-	-	316.9	135.5	2.8	-
<b>Rendering of Service</b>														
<b>Services</b>	1,132.5	1,750.0	0.1	21.2	-	-	-	-	-	-	1,365.2	1,957.0	232.6	185.8
Sun Pharma Laboratories Limited	424.0	399.6	-	-	-	-	-	-	-	-	424.0	399.6	-	-
Ranbaxy Pharmaceuticals, Inc.	297.4	370.4	-	-	-	-	-	-	-	-	297.4	370.4	-	-
Sun Pharma Advanced Research Company Ltd.	-	-	-	-	-	-	-	-	-	-	232.6	185.8	232.6	185.8
Sun Pharma Global (FZE)	205.8	110.1	-	-	-	-	-	-	-	-	205.8	110.1	-	-
Ranbaxy Inc.	2.8	435.0	-	-	-	-	-	-	-	-	2.8	435.0	-	-
Others	202.5	434.9	0.1	21.2	-	-	-	-	-	-	202.6	456.1	41.6	55.2
<b>Reimbursement of Expenses</b>	147.8	692.1	-	-	-	-	-	-	-	-	189.4	747.3	-	-
Sun Pharma Global (FZE)	130.6	176.3	-	-	-	-	-	-	-	-	130.6	176.3	-	-
Sun Pharma Advanced Research Company Ltd.	-	-	-	-	-	-	-	-	-	-	41.6	55.2	41.6	55.2
Sun Pharma Laboratories Limited	3.6	475.8	-	-	-	-	-	-	-	-	3.6	475.8	-	-
Others	13.6	40.0	-	-	-	-	-	-	-	-	13.6	40.0	-	-
<b>Finance (including loans, investment and equity contributions)</b>	163.5	-	-	-	-	-	-	-	-	-	163.5	-	-	-
Skisen Labs Private Limited	163.5	-	-	-	-	-	-	-	-	-	163.5	-	-	-
<b>Purchase of Investment in an Associate</b>	-	-	-	-	0.0	-	-	-	-	-	0.0	-	-	-
Zenotech Laboratories Limited (₹ 16,380)	-	-	-	-	0.0	-	-	-	-	-	0.0	-	-	-



## NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## ANNEXURE 'A'

Particulars	Subsidiaries		Joint Controlled Entities		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
<b>Particulars</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>	<b>31-03-16</b>	<b>31-03-15</b>
<b>Loans given / Deposit</b>														
Sun Pharma Global (FZE)	-	1,287.5	-	-	-	74.5	-	-	-	-	-	-	-	1,362.0
Neetnav Real Estate Private Limited	-	1,133.2	-	-	-	-	-	-	-	-	-	-	-	1,133.2
Others	-	148.6	-	-	-	-	-	-	-	-	-	-	-	148.6
<b>Loans received back</b>														
Ranbaxy (Netherlands) B.V.	0.4	18,944.9	-	-	-	74.5	-	-	-	-	-	-	0.4	18,944.9
Alkaloida Chemical Company Zrt.	-	9,237.0	-	-	-	-	-	-	-	-	-	-	-	9,237.0
Others	-	5.7	-	-	-	-	-	-	-	-	-	-	-	80.2
<b>Redemption of Preference Shares in Subsidiary</b>														
Alkaloida Chemical Company Zrt.	0.4	2,058.5	-	-	-	-	-	-	-	-	-	-	0.4	2,058.5
Others	473.9	-	-	-	-	-	-	-	-	-	-	-	473.9	-
<b>Sales of Investment in Sun Pharma Holding</b>														
Sun Pharma Laboratories Limited	37,994.6	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	473.9	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Loan Taken</b>														
Sun Pharma Laboratories Limited	35,480.0	65.7	-	-	-	-	-	-	-	-	-	-	35,480.0	65.7
Others	35,480.0	-	-	-	-	-	-	-	-	-	-	-	35,480.0	-
<b>Loan Repaid</b>														
Neetnav Real Estate Private Limited	-	65.7	-	-	-	-	-	-	-	-	-	-	-	65.7
Others	27,545.7	-	-	-	-	-	-	-	-	-	-	-	27,545.7	-
<b>Dividend Income on Preference share</b>														
Alkaloida Chemical Company Zrt.	27,480.0	-	-	-	-	-	-	-	-	-	-	-	27,480.0	-
Others	65.7	-	-	-	-	-	-	-	-	-	-	-	65.7	-
<b>Interest Income</b>														
Neetnav Real Estate Private Limited	394.3	-	-	-	-	-	-	-	-	-	-	-	394.3	-
Others	394.3	-	-	-	-	-	-	-	-	-	-	-	394.3	-
<b>Interest Expense</b>														
Zenotech Laboratories Limited	-	208.3	-	-	69.9	61.9	-	-	-	-	-	-	69.9	270.2
Others	-	-	-	-	69.9	61.9	-	-	-	-	-	-	69.9	61.9
<b>Interest Expense</b>														
Ranbaxy (Netherlands) B.V.	-	157.9	-	-	-	-	-	-	-	-	-	-	-	157.9
Others	-	50.4	-	-	-	-	-	-	-	-	-	-	-	50.4
<b>Interest Expense</b>														
Sun Pharma Laboratories Limited	1,188.8	3.6	-	-	-	-	-	-	-	-	-	-	1,188.8	3.6
Others	1,187.9	-	-	-	-	-	-	-	-	-	-	-	1,187.9	-

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

ANNEXURE "A"

Particulars	Subsidiaries		Joint Controlled Entities		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant influence of Key Management Personnel or their relatives		Total	
	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
Neethav Real Estate Private Limited	0.9	3.6	-	-	-	-	-	-	-	-	-	-	0.9	3.6
<b>Rent Income</b>	23.8	18.9	-	-	-	-	-	-	-	1.4	1.5	-	25.2	20.4
Sun Pharma Laboratories Limited	23.8	18.9	-	-	-	-	-	-	-	-	-	-	23.8	18.9
Others	-	-	-	-	-	-	-	-	-	1.4	1.5	-	1.4	1.5
<b>Rent Expense</b>	9.6	0.4	-	-	-	-	-	-	-	-	-	-	9.6	0.4
Solrex Pharmaceuticals Company	8.9	-	-	-	-	-	-	-	-	-	-	-	8.9	-
Neethav Real Estate Private Limited	0.7	0.4	-	-	-	-	-	-	-	-	-	-	0.7	0.4
<b>Provision for doubtful Loans and Advances (including interest in current year)</b>	-	-	-	-	389.5	274.0	-	-	-	-	-	-	389.5	274.0
Zenotech Laboratories Limited	-	-	-	-	389.5	274.0	-	-	-	-	-	-	389.5	274.0
<b>Director's Remuneration (Refer Note 55)</b>	-	-	-	-	-	-	50.8	73.8	-	-	-	-	50.8	73.8
Mr. Dilip S. Shanghvi*	-	-	-	-	-	-	19.3	31.5	-	-	-	-	19.3	31.5
Mr. Sudhir V. Valla**	-	-	-	-	-	-	19.4	31.3	-	-	-	-	19.4	31.3
Mr. Sailesh T. Desai	-	-	-	-	-	-	12.1	11.0	-	-	-	-	12.1	11.0
<b>Apprenticeship Stipend / Remuneration</b>	-	-	-	-	-	-	-	6.8	13.0	6.0	0.8	-	13.0	6.8
Mr. Aalok D. Shanghvi	-	-	-	-	-	-	-	6.0	12.1	6.0	0.8	-	12.1	6.0
Ms. Vidhi D. Shanghvi	-	-	-	-	-	-	-	0.8	0.9	0.8	-	-	0.9	0.8
<b>Letters of comfort given on behalf of subsidiary</b>	-	336.0	-	-	-	-	-	-	-	-	-	-	-	336.0
S.C.Terapia S.A.	-	336.0	-	-	-	-	-	-	-	-	-	-	-	336.0
<b>Withdrawal of letters of comfort given on behalf of subsidiaries</b>	2,873.1	3,541.5	-	-	-	-	-	-	-	-	-	-	2,873.1	3,541.5
Ranbaxy Nigeria Limited	576.3	-	-	-	-	-	-	-	-	-	-	-	576.3	-
Ranbaxy Malaysia Sdn. Bhd.	556.2	-	-	-	-	-	-	-	-	-	-	-	556.2	-
Ranbaxy (Netherlands) B.V.	414.8	1,250.1	-	-	-	-	-	-	-	-	-	-	414.8	1,250.1
Ranbaxy Egypt (L.L.C.)	406.3	-	-	-	-	-	-	-	-	-	-	-	406.3	-
S.C.Terapia S.A.	398.5	1,980.9	-	-	-	-	-	-	-	-	-	-	398.5	1,980.9
Ranbaxy Pharmacie Genériques SAS	336.0	310.5	-	-	-	-	-	-	-	-	-	-	336.0	310.5
Ranbaxy (UK) Limited	185.0	-	-	-	-	-	-	-	-	-	-	-	185.0	-

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## ANNEXURE 'A'

Particulars	Subsidiaries		Joint Controlled Entities		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15	31-03-16	31-03-15
Particulars														
<b>Outstanding Letters of Comfort issued on behalf of entities</b>														
Ranbaxy Nigeria Limited	-	2,873.1	-	-	-	-	-	-	-	-	-	-	-	2,873.1
Ranbaxy Malaysia Sdn. Bhd.	-	576.3	-	-	-	-	-	-	-	-	-	-	-	576.3
Ranbaxy (Netherlands) B.V.	-	556.2	-	-	-	-	-	-	-	-	-	-	-	556.2
Ranbaxy Egypt (L.L.C)	-	414.8	-	-	-	-	-	-	-	-	-	-	-	414.8
S.C.Terapia S.A.	-	406.3	-	-	-	-	-	-	-	-	-	-	-	406.3
Ranbaxy Pharmacie Generiques SAS	-	398.5	-	-	-	-	-	-	-	-	-	-	-	398.5
Ranbaxy (U.K.) Limited	-	336.0	-	-	-	-	-	-	-	-	-	-	-	336.0
<b>Balance Outstanding as at the end of the year</b>														
Receivables [net of provision Nil (Previous Year ₹ 58.3 Million) in respect of a Subsidiary]	(15,630.2)	(8,080.5)	0.9	1.3	1.8	320.4	(5.4)	(16.4)	(2.4)	(1.2)	134.6	23.0	(15,500.7)	(7,753.4)
Payables	8,966.6	6,335.1	0.9	1.3	1.8	-	-	-	-	-	134.6	23.0	9,103.9	6,359.4
Loans Taken	(16,581.2)	(14,419.6)	-	-	-	(6.4)	(16.4)	(2.4)	(1.2)	-	-	-	(16,589.0)	(14,443.6)
Loans Given [net of provision ₹ 663.5 Million (Previous Year ₹ 274.0 Million) in respect of an Associate]	(8,020.0)	(0.4)	-	-	-	-	-	-	-	-	-	-	(8,020.0)	(0.4)
	4.4	4.4	-	-	-	326.8	-	-	-	-	-	-	4.4	331.2

\* Net of refund of ₹ 1.1 Million (Previous Year - Nil) in respect of excess remuneration paid for financial year 2013-14

\*\* Net of refund of ₹ 1.0 Million (Previous Year - Nil) in respect of excess remuneration paid for financial year 2013-14