

SUN PHARMA LABORATORIES LIMITED

20TH ANNUAL REPORT

2015-2016

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abhay Gandhi	Whole-time Director & CEO
Mr. Sudhir V. Valia	Director
Mr. S. Mohanchand Dadha	Director
Mr. Sailesh T. Desai	Director
Ms. Rekha Sethi	Director
Mr. Naresh C. Singhal	Additional Director

COMPANY SECRETARY

Ms. Divya Mascarenhas
(ceased w.e.f 14th August, 2015)

Ms. Rachana Kokal
(appointed w.e.f. 14th August, 2015)

AUDITORS

Messrs. Deloitte Haskins & Sells LLP
Chartered Accountants

REGISTERED OFFICE

Sun House, Plot No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai – 400063
CIN: U25200MH1997PLC240268
Website: www.spll.co
Contact no: 022-43244324

REGISTRAR & TRANSFER AGENT

(For Debt Securities Only)
Link Intime (India) Private Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai-400078
Contact No - 022-25946970

DEBENTURE TRUSTEE

M/s Axis Trustee Services Limited
Axis House, 2nd Floor,
Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025
Tel.: 91 022 - 2425 3062
Email: mangalagowri.bhat@axistrustee.com

NOTICE OF 20th ANNUAL GENERAL MEETING

Notice is hereby given that the **Twentieth** Annual General Meeting of the Members of Sun Pharma Laboratories Limited will be held on **Thursday, 11th August, 2016 at 01:00 p.m.** at the Registered Office of the Company at Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (E), Mumbai – 400 063 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March, 2016 and the reports of the Board of Directors and Auditors thereon.
2. To consider and approve payment of dividend on Preference Shares.
3. To consider and approve payment of dividend on Equity shares.
4. To appoint Director in place of Mr. Sudhir V. Valia (DIN:00005561), who retires by rotation and being eligible, offers himself for reappointment.
5. To ratify the appointment of Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai having Firm's registration No. 117366W/W-100018, as the Auditors of the Company from the conclusion of this 20th Annual General Meeting till the conclusion of 21st Annual General Meeting and to authorize the Board of Directors to fix their remuneration and in this regard to consider and if thought fit to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT further to the resolution passed by the members in the 18th Annual General Meeting of the Company held on 12th August, 2014 and as ratified by the members at the last 19th Annual General Meeting of the Company held on 11th August, 2015 and pursuant to Section 139 and Section 142 of Companies Act, 2013 ('the Act') read with Companies (Audit and Auditors) Rules, 2014 and other provisions as may be applicable, if any, the Company hereby ratifies the appointment of M/s. Deloitte Haskins & Sells LLP, having Firm's Registration No. 117366W/W-100018, as the Statutory Auditors of the Company from the conclusion of this 20th Annual General Meeting till conclusion of 21st Annual General Meeting, at such remuneration as may be fixed by the Board of Directors of the Company in consultation with them.”

SPECIAL BUSINESS:

6. **To consider and, if thought fit, to pass, the following resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and other applicable provisions of the Act read with the Companies (Cost Records and Audit) Rules, 2014, including statutory modification(s) or re-enactment thereof, for the time being in force, the Company hereby ratifies the remuneration as set out in the Explanatory Statement annexed to the Notice of this Meeting payable to M/s. Kailash Sankhlecha & Associates, Cost Accountants, appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2016-17.

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

7. **To consider and, if thought fit, to pass, the following resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT Mr. Naresh Chand Singhal (DIN: 00004916), who was appointed as an Additional Director w.e.f. 11th February, 2016 of the Company pursuant to Section 161(1) of the Companies Act, 2013 (“the Act”) and holds office upto the date of this Annual General Meeting and pursuant to Section 149, 152 of the Act and such other applicable provisions, if any, of the Act and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Mr. Naresh Chand Singhal (DIN: 00004916), Director of the Company, as an Independent Director of the Company for a term of 2 years, to hold office upto 10th February, 2018.”

8. **To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to Section 149, 152 of the Companies Act, 2013 (“the Act”) and such other applicable provisions, if any, of the Act and the Rules made thereunder, read with Schedule IV to the said Act, Mr. S. Mohanchand Dadha (DIN: 00087414), who was appointed as an Independent Director at 18th Annual General Meeting of the Company for a period of 2 years and whose term of office expires at this Annual General Meeting, be and is hereby re-appointed as an Independent Director, for a further term of 2 years, to hold office upto the conclusion of the 22nd Annual General Meeting.”

9. **To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to Section 149, 152 of the Companies Act, 2013 (“the Act”) and such other applicable provisions, if any, of the Act and the Rules made thereunder, read with Schedule IV to the said Act, Ms. Rekha Sethi (DIN: 06809515), who was appointed as an Independent Director at 18th Annual General Meeting of the Company for a period of 2 years and whose term of office expires at this Annual General Meeting, be and is hereby re-appointed as an Independent Director, for a further term of 5 years, to hold office upto the conclusion of the 25th Annual General Meeting.”

10. **To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION.**

“RESOLVED THAT pursuant to the provisions of Section 71 of the Companies Act, 2013 (“the Act”) read with the Companies (Share Capital and Debentures) Rules, 2014, and pursuant to the provisions of Section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and all other applicable provisions, if any, of the Act, consent of the members be and is hereby accorded to raise/borrow from time to time by way of issue of nonconvertible securities including but not limited to bonds and/or non-convertible debentures (NCDs) and / or money market instruments, in one or more tranches, on a private placement basis as may be necessary, for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium / discount, tenor etc., as may be determined by the Board of Directors (or any other person so authorized by the Board of Directors), based on the prevailing market condition.

RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of nonconvertible securities including but not limited to bonds and/or NCDs and / or money market instruments in one or more tranches pursuant to the authority under this Resolution shall not exceed the overall limit of ₹6,500 Crore (Rupees Six Thousand Five Hundred Crore only).

RESOLVED FURTHER THAT the Board of Directors of the Company, including any Committee thereof or any other person so authorized by the Board of Directors, be and is hereby severally authorised to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution.”

11. To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION.

“**RESOLVED THAT** in super session of earlier resolution passed by the members on 11th August, 2015 and pursuant to the provisions of Section 186 of the Companies Act, 2013 (“the Act”) and such other provisions of the Act as may be applicable, if any, and the Rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force, the Board of Directors of the Company be and is hereby authorized to i) give any loan(s) to any persons or any other body corporate ii) give any guarantee(s)/provide any security(ies) in connection with loan(s) made to any, body corporate or person and/or iii) acquire by way of subscription, purchase or otherwise and to make investments in shares, debentures and/or any other securities of other body corporates, whether Indian or overseas as they may in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up share capital and free reserves and securities premium of the Company or 100% of free reserves and securities premium of the Company whichever is more, as prescribed under Section 186 of the Act from time to time, in one or more tranches up to ₹15,000 Crores (Rupees Fifteen Thousand Crores only).

RESOLVED FURTHER THAT the loans or guarantees/security or investments/acquisitions along with Company's existing loans or guarantee/security or investments/acquisitions may exceed the limits prescribed under Section 186 of the Act upto ₹15,000 Crores (Rupees Fifteen Thousand Crores only) or shall be upto the limits so prescribed under Section 186 of the Act (as may be amended from time to time), whichever is higher and that the Board or any Committee thereof is authorized to settle any question or doubt that may arise in this regard.

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

By Order of the Board of Directors,
For **Sun Pharma Laboratories Limited**,

Place: Mumbai
Date: 30th May, 2016

Abhay Gandhi
Whole-time Director & CEO
DIN: 07014601

Registered Office:
Sun House, Plot No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai - 400063.
CIN: U25200MH1997PLC240268
Website: www.spill.co

NOTES:

- 1) An Explanatory Statement relating to business set out in the Notice is annexed hereto pursuant to Section 102 of the Companies Act 2013.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 3) The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding of the meeting.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 3rd August, 2016 to Thursday, 11th August, 2016 (both days inclusive) for the purpose of the Twentieth Annual General Meeting of the Company and for the payment of Dividend.
- 5) Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00.a.m. and 1.00.p.m. upto the date of the Meeting and at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

As required by Section 102(1) of the Companies Act, 2013 (hereinafter referred as “the Act”), the following Explanatory Statement sets out material facts relating to the Special business under Item Nos. 6 to 11 of the accompanying Notice dated 30th May, 2016.

Item No. 6

The Board of Directors, on recommendation of the Audit Committee has appointed M/s. Kailash Sankhlecha & Associates, Cost Accountants, as the Cost Auditors for audit of cost accounting records of the Company as applicable for the financial year ended 31st March, 2016, at a remuneration amounting to ₹5,60,000/- (Rupees Five Lakh Sixty Thousand Only) excluding reimbursement of out of pocket expenses and applicable service tax. In terms of provisions of Section 148 (3) of the Act read with The Companies (Cost Records and Audit) Rules, 2014, members’ ratification is required for remuneration payable to the Cost Auditor.

Therefore, consent of the members of the Company is sought for passing of an Ordinary Resolution as set out in Item No. 6 for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

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

Item No. 7

Mr. Naresh Chand Singhal was appointed as an Additional Director on 11th February, 2016, in the category of Non-Executive and Independent Director by Board of Directors in terms of Section 161(1) of the Act, and he shall hold the office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director of the Company in the category of Non-Executive and Independent Director.

Based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and Board of Directors of the Company at their meeting held on 30th May, 2016, have approved and recommended the appointment of Mr. Naresh Chand Singhal for a term upto 10th February, 2018 as provided in the resolution, and who shall not be liable to retire by rotation at the Annual General Meeting as provided under Section 152(6) of the Act.

The Company has received notice along with requisite deposit pursuant to Section 160 of the Act from members proposing the candidature for appointment of Mr. Naresh Chand Singhal.

As prescribed under sub-section (6) of Section 149 of the Act, the Company has received declaration from Mr. Naresh Chand Singhal stating that he meets with the criteria of Independence and not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given consent to act as Director.

In the opinion of the Board of Directors, Mr. Naresh Chand Singhal who is proposed to be appointed fulfills the conditions provided in the Act and the Rules made thereunder and are Independent of the Management.

A Copy of the draft letter of appointment setting out the terms and conditions are available for Inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting and at the Meeting.

Brief resume of Mr. Naresh Chand Singhal about his expertise, names of companies in which holds directorships and memberships / chairmanships of Board Committees and shareholding inter-se, is provided in the Annexure - 1 to this Notice.

The Board of Directors is of the opinion that his vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No. 7 of this Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives, except Mr. Naresh Chand Singhal, is in any way concerned or interested in the Resolution at Item no. 7 of the Notice in the Company.

Your Directors recommend the passing of the Resolution in Item No. 7 as Ordinary Resolution.

Item No. 8 &9

As per the provisions of Section 149(6), Section 152 and Schedule IV of the Act, read with rules thereunder, the Company had appointed Mr. S. Mohanchand Dadha, and Ms. Rekha Sethi as an Independent Directors as per the requirement of the Act at the 18th Annual General Meeting of the Company held on 12th August, 2014 for a term of 2 years i.e. upto the conclusion of this 20th Annual General Meeting.

Based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and Board of Directors of the Company at their meeting held on 30th May, 2016, have approved and recommended the appointment for a second term of 2 years, upto the conclusion of the 22nd Annual General Meeting for Mr. S. Mohanchand Dadha and Ms. Rekha Sethi for a second term of 5 years, upto the conclusion of the 25th Annual General Meeting.

As prescribed under sub-section (6) of Section 149 of the Companies Act, 2013, the Company has received declarations from both the Independent Directors stating that they continue to meet with the criteria of Independence and not disqualified from being appointed as Directors in terms of Section 164 of the Act and has given their consent to act as Directors.

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

In the opinion of the Board of Directors, the aforesaid Independent Directors who are proposed to be re-appointed, fulfills the conditions provided in the Companies Act, 2013 and the Rules made thereunder and are Independent of the Management.

A Copy of the draft letter of appointment setting out the terms and conditions are available for Inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting and at the Meeting.

Brief resume of Mr. S. Mohanchand Dadha and Ms. Rekha Sethi about their expertise, names of companies in which holds directorships and memberships / chairmanships of Board Committees and shareholding inter-se, is provided in the Annexure - 1 to this Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives, except Independent Directors for their respective appointments, are in any way concerned or interested in the Resolutions as set out at Item nos. 8 & 9 of the Notice in the Company.

Your Directors recommend the passing of the Resolution in Item No. 8 & 9 of the Notice as Special Resolutions.

Item No. 10

As and when required, the Company may enable to raise funds by issuing of nonconvertible securities including but not limited to bonds and/or non-convertible debentures (NCDs) and/or Money Market instruments, in one or more tranches from time to time.

Pursuant to Section 42 of the Act, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company is required to obtain approval of its members by way of a special resolution, before making any offer or invitation to subscribe securities to be issued on a private placement basis. The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of bonds and/or NCDs and / or money market instruments by the Company for a period of 1 year from the date on which the members have provided the approval by way of the special resolution.

The members at the Extra-ordinary General Meeting No. (1/2015-16) held on 31st October, 2015, had approved the issue of NCDs and / or money market instruments in one or more tranches, on private placement basis as may be necessary, upto ₹6500 Crore (Rupees Six Thousand Five Hundred Crore only). However, the validity of resolution is only for a year. Therefore, consent of the shareholders is once again being sought.

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

Your Directors recommend the passing of the Resolution in Item No. 10 of the Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel or their relatives of the Company are in anyway concerned or interested in this Resolution.

Item No. 11

Section 186 of the Act, enables a Company to i) give any loan(s) to any persons or any other body corporate ii) give any guarantee(s)/provide any security(ies) in connection with loan(s) made to anybody corporate or any person and iii) acquire by way of subscription, purchase or otherwise and to make investments in shares, debentures and/or any other securities of other body corporates, whether Indian or overseas as they may in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up share capital and free reserves and securities premium of the Company or 100% of free reserves and securities premium of the Company whichever is more subject to the approval of shareholders by way of a special resolution in the general meeting.

The Company at the 19th Annual General Meeting held on 11th August, 2015 had approved the limit of ₹10000 Crores (Rupees Ten Thousand Crores only). However, due to increase in profits and consequent cash flows, the Board of Directors of the Company proposes the resolution no. 11 as a Special Resolution for approval of the members for giving any loan(s) to any persons or any other body corporate and/or giving any guarantee(s)/provide any security(ies) in connection with loan(s) made to anybody corporate or any person and/or acquire by way of subscription, purchase or otherwise and to make investments in shares, debentures and/or any other securities of other body corporates, whether Indian or overseas as they may in their absolute discretion deem beneficial and in the interest of the Company exceeding the limits as set out in Section 186 of the Act, from time to time, in one or more tranches, up to maximum amount of ₹15,000 Crores (Rupees Fifteen Thousand Crores only), Further the loans or guarantees/ security or investments/acquisitions along with Company's existing loans or guarantee/ security or investments/acquisitions may exceed the limits prescribed under Section 186 of the Act upto ₹15,000 Crores (Rupees Fifteen Thousand Crores only)

or upto the limits so prescribed under Section 186 of the Act (as may be amended from time to time), whichever is higher.

The Board or any Committee thereof is authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution, and to settle any question or doubt that may arise in this regard.

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

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

By Order of the Board of Directors,
For **Sun Pharma Laboratories Limited,**

Place: Mumbai
Date: 30th May, 2016

Abhay Gandhi
Whole-time Director & CEO
DIN: 07014601

Annexure - 1**Brief Profile of Directors**

Name of Director	Naresh Chand Singhal	S. Mohanchand Dadha	Rekha Sethi
Age	79 years	79 years	52 years
Qualification & Experience	He an ex-director of ICICI Ltd., was the founder Vice-Chairman & Managing Director of The Shipping Credit & Investment Corporation of India Limited, SCICI, established for the development of shipping industry. He also worked as a banking expert Consultant and Management Specialist with the Asian Development Bank in Philippines, South Korea, Pakistan and Uzbekistan, and World Bank project in Afghanistan. Currently, he is a non-executive Chairman / Director of banking, finance, mutual fund, power generation, manufacturing and shipping companies. He holds postgraduate qualifications in Economics, Statistics and Administration, and was awarded the United Nations Development Programme Fellowship for advanced studies in the field of project formulation and evaluation.	He is an entrepreneur with more than five decades of experience in the pharmaceutical industry in India. His family business, M/s Dadha & Co., established in 1914, has the distinction of being one of the oldest pharmaceutical chemists in the country. Mr. Dadha was the Founder and Managing Director of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited. He is also a trustee for many charitable and religious trusts. He has been a member of two Tamil Nadu Government-constituted committees, namely, the Drug Advisory Committee and the Committee for the Development of Drug Industries in Tamil Nadu.	She is the Director General of the All India Management Association (AIMA), the apex body for management in India. She took charge of AIMA in June 2008. She is on the Executive Council of the National Board of Accreditation and is a member of the Advisory Board of the Switzerland based St. Gallen Foundation think tank, Leaders of Tomorrow - Knowledge Pool. Prior to joining AIMA, She has worked with the Confederation of Indian Industry (CII) for over 17 years. She graduated in English Literature from St. Stephens College, Delhi and has a post-graduate diploma in Advertising and Management.
Date of First appointment on Board	11 th February, 2016	9 th August, 2013	29 th May, 2014
Shareholding in the Company	NIL	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel	-	-	-
Number of Meetings of Board Attended	Details mentioned in Directors' Report	Details mentioned in Directors' Report	Details mentioned in Directors' Report
List of directorship held in other Companies	1. Deepak Fertilisers and Petrochemicals Corporation Ltd 2. Max India Limited 3. Samalpatti Power Company Private Limited	1. Sun Pharma Advanced Research Company Limited 2. Dadha Pharma Private Limited 3. Wardex Pharmaceuticals Private Limited	1. CESC Ltd 2. Sun Pharmaceutical Industries Limited 3. Management & Entrepreneurship and Professional Skills Council

	<p>4. Birla Sun Life Asset Management Company Limited</p> <p>5. Tolani Shipping Company Limited</p> <p>6. Shapoorji Pallonji Forbes Shipping Limited</p> <p>7. Capital First Limited</p> <p>8. Max Ventures & Industries Limited</p>	<p>4. Netmeds Marketplace Limited</p> <p>5. Sun Pharmaceutical Industries Limited</p> <p>6. Tresara Health Private Limited</p> <p>7. Vitalic Health Private Limited</p> <p>8. Vitalic Nutrition Private Limited</p> <p>9. Dadha Pharma Distribution Private Limited</p> <p>10. Trisa Jewellery Private Limited</p>	
<p>Memberships/ Chairmanships of Committees of other Public Companies (includes only Audit Committees and Stakeholder's Relationship Committee)</p>	<p>Member of Audit Committee</p> <p>1. Samalpatti Power Company Private Limited</p> <p>2. Capital First Limited</p> <p>Chairman of Audit Committee –</p> <p>1. Max India Limited</p> <p>2. Deepak Fertilizers & Petrochemicals Corporation Limited</p> <p>3. Tolani Shipping Company Limited</p>	<p>Member of Audit Committee –</p> <p>1. Sun Pharma Advanced Research Company Limited</p> <p>2. Sun Pharmaceutical Industries Limited</p>	-

BOARDS' REPORT

To,
The Members of,
SUN PHARMA LABORATORIES LIMITED,

Your Directors present the Twentieth Annual Report and the Audited Financial Statements for the year ended 31st March, 2016.

FINANCIAL RESULTS

	<i>(₹ in Millions)</i>	
	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Total Income	50,181.0	43,943.1
Profit / (Loss) Before Tax	8,285.3	1,807.2
Profit / (Loss) After Tax	6,704.9	(227.0)
Balance b/f from Previous Year	52.3	279.3
Surplus / (Loss) carried to Balance Sheet	3,260.2	52.3

STATE OF COMPANY'S AFFAIRS

During the current year of operation, the Company has registered a growth in the revenue from ₹43,943.1 Million to ₹50,181.0 Million. However, the profit before tax has increased from ₹1,807.2 Million to ₹8,285.3 Million. Consequently, the Company has registered profit after tax of ₹6704.9 Million.

DIVIDEND

Your Directors have recommended dividend of ₹10/- (Rupees Ten only) per preference share of ₹100/- (Rupees Hundred only) each and ₹40,000/- (Rupees Forty Thousand only) per equity share of ₹10/- (Rupees Ten only) each for the year ended on 31st March, 2016, subject to approval of members at the ensuing Annual General Meeting.

TRANSFER TO RESERVES

The Company has transferred an amount of ₹1041.7 Million transfer from Profit & Loss Account to Debenture Redemption Reserve Account.

ISSUE OF NON-CONVERTIBLE DEBENTURES

The Company has issued following two series of Non-Convertible Debentures each issued and allotted by the Board of Directors of the Company at their meeting held on 23rd December, 2015 on private placement basis in accordance with the provisions specified under SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time. These securities have been listed on BSE Ltd. and have been permitted to trading w.e.f. 8th January, 2016:

Series I with tenor of 24 months and coupon rate of 7.94% p.a. ISIN No:INE915T08016		Series II with tenor of 39 months and coupon rate of 7.94% p.a. ISIN No:INE915T08024	
No. of Debentures	Value (In ₹)	No. of Debentures	Value (In ₹)
5000	5,000,000,000	5000	5,000,000,000

DIRECTORS& KEY MANAGERIAL PERSONNEL

Mr. Sudhir V. Valia, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. S. Mohanchand Dadha and Ms. Rekha Sethi, Independent Directors of the Company were appointed for term of 2 (Two) years and their appointment was approved by the members at the 18th Annual General Meeting of the Company. Their tenure expires at the conclusion of the ensuing 20th Annual General Meeting of the Company and they are eligible for re-appointment for the second term. Accordingly, based on their performance evaluation, Nomination and Remuneration Committee recommended their appointment for the second term. Thereafter, the Board recommended appointment of Mr. S. Mohanchand Dadha for a second term of 2 (Two) years and Ms. Rekha Sethi for a second term of 5(Five) years subject to the approval of members at the ensuing Annual General Meeting.

Mr. Naresh Chand Singhal was appointed as an Additional Director of the Company w.e.f. 11th February, 2016 as per the provisions of Section 161(1) of the Companies Act, 2013 and he shall hold the office upto the date of ensuing Annual General Meeting. The Board recommended appointment of Mr. Naresh Chand Singhal as an Independent Director of the Company for a period of 2 (Two) years i.e. upto 10th February, 2018 subject to approval of the members at the ensuing Annual General Meeting.

The Company has received the requisite notices under Section 160 of the Companies Act, 2013 from Sun Pharmaceutical Industries Limited, the parent Company, proposing their names for being appointed as Directors of the Company.

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

During the year, Mr. Dilip S. Shanghvi, Director of the Company has resigned from the Company with effect from 4th May, 2015.

With effect from 14th August, 2015, Ms. Divya Mascarenhas has ceased to be the Company Secretary of the Company and Ms. Rachana Kokal was appointed in her place.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under section 134(5) read with section 134(3)(c) of the Companies Act, 2013, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis; and
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company met Six(6) times during the previous financial year on 28th May, 2015, 10th August, 2015, 31st October, 2015, 7th November, 2015, 23rd December, 2015 and 11th February, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Attendance of each Director at the Board meetings is given below:

Name of the Director	Number of Board, meetings held during the tenure of respective Director	Number of Board meetings attended
Mr. Dilip S. Shanghvi*	-	-
Mr. Sudhir Valia	6	5
Mr. Sailesh Desai	6	6
Mr. S. Mohanchand Dadha	6	5
Ms. Rekha Sethi	6	6
Mr. Abhay Gandhi	6	3
Mr. Naresh Chand Singhal**	1	1

* Ceased w.e.f. 4th May, 2015

**Appointed w.e.f.11th February, 2016

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of the Company comprises of three Directors viz. Mr. S. Mohanchand Dadha, Mr. Sailesh Desai and Ms. Rekha Sethi. Mr. S. Mohanchand Dadha is the Chairman of the said Committee and Ms. Rachana Kokal, Company Secretary of the Company is the Secretary of the Committee.

The Nomination & Remuneration Committee met thrice(3) during the previous financial year on 28thMay, 2015, 10thAugust , 2015 and11thFebruary , 2016. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member	Number of meetings held during the tenure of the respective members	Number of Committee meetings attended
Mr. S. Mohanchand Dadha	Chairman	3	3
Mr. Sailesh Desai	Member	3	3
Ms. Rekha Sethi	Member	3	3

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

For the purpose of selection of any Director, the Nomination & Remuneration Committee (NRC) identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and also takes into consideration recommendation, if any, received from any member of the Board. The Committee also ensures that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection, appointment and remuneration of Directors & Senior Management.

The Key highlights of the Remuneration Policy of the Company are as follows:

- A. Guiding Principles for remuneration: The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall be commensurate to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge & skill required including complexity of his job, work duration and risks associated with the work, and attitude of the worker like, positive outlook, team work, loyalty etc.
- B. Components of Remuneration: The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.
 - a. Fixed compensation: The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
 - b. Variable compensation: The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long term performance objectives and the performance of the Company.
 - c. Share based payments: The Board may, on the recommendation of the NRC, issue to certain class of personnel a share and share price related incentive program.
 - d. Non-monetary benefits: Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, Company cars with or without chauffer's, share and share price related incentive, reimbursement of electricity and telephone bills etc.

- e. Gratuity/group insurance: Personnel may also be awarded to group insurance and other key man insurance protection. Further as required by the law necessary gratuity shall be paid to the personnel.
 - f. Commission: The directors may be paid commission if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any director of the Board.
- C. Entitlement: The authority to determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

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

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

The Board of Directors have carried out an annual evaluation of its own performance, its various committees and individual directors pursuant to the provisions of the Act and relevant Rules.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of various criteria such as Board Composition, process, dynamics, quality of deliberations, strategic discussions, effective reviews, committee participation, governance reviews etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as Committee composition, process, dynamics, deliberation, strategic discussions, effective reviews etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as Transparency, Analytical Capabilities, Performance, Leadership, Ethics and ability to take balanced decisions regarding stakeholders.

In a separate meeting of Independent Directors, performance of Non independent Directors, performance of the Board as a whole was evaluated, taking into account the views of the Executive Directors and Non-executive Directors. The same was discussed in the Board meeting that followed the meeting of independent directors, at which the performance of the Board, its committee and individual Directors was also discussed.

HUMAN RESOURCES

The Company considers its employees as their most valuable resource and ensures strategic alignment of Human Resource practices to the business priorities and objectives. Spread across the country, the Company has a dedicated human capital of around 6200 employees at various locations across our offices, manufacturing locations and dedicated Sales Professionals across the various geographies in India. Our constant endeavor is to invest in people and people processes to improve the service delivery to our customers. Attracting the right talent, engaging them for high performance and improving the productivity will remain our focus. We strive to provide a conducive and competitive environment for people to learn and excel in their work so that we set new benchmarks in productivity, efficiency and customer delight. The Directors would also like to take this opportunity to express their appreciation for the hard work and commitment of the employees of the Company and look forward to their continued contribution. Information as per Section 197(12) of the Companies Act 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial

Personnel) Rules 2014 is provided in “Annexure A” forming part of this Report. Also, information pertaining to 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the names and other particulars of employees is available for inspection at the Registered Office of the Company. Further, pursuant to the proviso to Section 136 (1) of the Companies Act, 2013, the report and the accounts are being sent to the members.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical behaviour in all its operations, the Company has made the Whistle Blower Policy of Sun Pharmaceutical Industries Limited (SPIL) applicable to the Company, since it is a wholly owned subsidiary of SPIL. This Whistleblower Policy aspires to encourage all employees to report suspected or actual occurrence(s) of illegal, unethical or inappropriate events (behaviours or practices) that affect Company’s interest / image. The same is available on the website of the Company and can be accessed on the Company’s website www.spil.co.

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

The Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavor of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. SPIL has adopted a policy on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for the prevention and redressal of complaints of sexual harassment at workplace which is applicable to its subsidiaries and consequently applicable to the Company. During the year ended 31st March 2016, no complaints pertaining to sexual harassment was received by the Company.

AUDIT COMMITTEE COMPOSITION

The Audit Committee of the Company was re-constituted on 11th February, 2016 and comprises of four Directors viz. Mr. S. Mohanchand Dadha, Mr. Sudhir V. Valia, Ms. Rekha Sethi and Mr. Naresh Chand Singhal. Mr. S. Mohanchand Dadha is the Chairman of the Audit Committee and Ms. Rachana Kokal, Company Secretary of the Company is the Secretary of Audit Committee.

The Audit Committee met four (4) times during the previous financial year on 28th May, 2015, 10th August, 2015, 7th November, 2015 and 11th February, 2016. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member	Number of meetings held during the tenure of the respective members	Number of Committee meetings attended
Mr. S. Mohanchand Dadha	Chairman	4	4
Mr. Sudhir V. Valia	Member	4	3
Ms. Rekha Sethi	Member	4	4
Mr. Naresh Chand Singhal *	Member	1	1

* Appointed w.e.f. 11th February, 2016.

EXTRACT OF ANNUAL RETURN

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

AUDITORS

STATUTORY AUDITORS

The Company's Auditors, Messrs. Deloitte Haskins & Sells LLP. Chartered Accountants, Mumbai (Firm's Regn. No. 117366W/W-100018), were appointed as the Statutory Auditors of the Company for a period of three years, upto the conclusion of the 21st Annual General Meeting of the Company, subject to ratification by members at every Annual General Meeting of the Company. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company.

The Auditors' Report for the financial year ended 31st March, 2016, has been issued with an unmodified opinion.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs C. J. Goswami & Associates, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as “**Annexure C**”.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

The Company has appointed Messrs Kailash Sankhlecha & Associates, Cost Accountants, Vadodara as Cost Auditors of the Company for conducting Cost Audit in respect of Pharmaceutical Formulations of your Company for the Year ended 31st March, 2016.

LOANS, GUARANTEES & INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under Section 2(76) of the Companies Act, 2013 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

In compliance with the requirements of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014.

During the year, the Committee was re-constituted and comprises of three Directors viz. Mr. Sudhir V. Valia, Mr. Abhay Gandhi and Ms. Rekha Sethi. Mr. Sudhir V. Valia is the Chairman of the said Committee and Ms. Rachana Kokal, Company Secretary of the Company is the Secretary of the said Committee.

The Corporate Social Responsibility Committee met on 28th May, 2015, during the previous financial year. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member	Number of meetings held during the tenure of the respective members	Number of Committee meetings attended
Mr. Dilip S. Shanghvi*	-	-	-
Mr. Sudhir V. Valia	Chairman	1	1
Ms. Rekha Sethi	Member	1	1
Mr. Abhay Gandhi**	Member	1	0

*Ceased w.e.f. 4th May, 2015

**Appointed as a member of the Committee w.e.f. 4th May, 2015.

The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the Corporate Social Responsibility Committee is available on the website of the Company and can be accessed on the Company's website www.spll.co.

The details of the Corporate Social Responsibility activities undertaken and expenditure incurred thereon by the Company are annexed herewith in **"Annexure D"**.

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

No significant or material orders were passed by the Regulators or Courts or Tribunals during the previous year which may impact the going concern status of the Company's Operation in the future.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review, under the provisions of the Companies Act, 2013 and the rules framed thereunder.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **"Annexure E"**.

SUBSIDIARY/ JOINT VENTURE/ ASSOCIATE COMPANY

The Company has one subsidiary as on 31st March, 2016 and it does not have any joint venture or associate company. Pursuant to provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statement of our subsidiary is given in Form AOC-1, which is enclosed as **"Annexure F"**.

CREDIT RATING

ICRA Ltd. has assigned the highest credit rating of 'ICRA A1+'/'ICRA AAA (Stable)' for the bank facilities and long term/short term borrowings of the Company.

RISK MANAGEMENT

The Company has laid down procedures to inform Board members about the existing risk assessment framework which includes inter-alia identification of critical risks, assessment of likelihood and impact, mitigating actions taken by the management and periodic review to ensure that such risks are either eliminated or their impact minimized.

ACKNOWLEDGMENTS

Your Directors wish to thank all stakeholders, employees, bankers and business associates for their continued support and valuable cooperation.

For and on behalf of the Board of Directors

Abhay Gandhi
Whole-Time Director & CEO
(07014601)

Sudhir V. Valia
Director
(00005561)

Place: Mumbai
Dated: 30th May, 2016

ANNEXURE A

INFORMATION REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

(i) Ratio of the remuneration* of each director to the median remuneration of the employees of the Company for the financial year 2015-16:

Name of Director	Ratio of remuneration* of each Director to median remuneration of employees
Mr. Dilip S. Shanghvi**	-
Mr. Sudhir V. Valia, Non-Executive Director	0.18
Mr. Sailesh T. Desai, Non-Executive Director	0.24
Mr. S. Mohanchand Dadha, Non-executive, Independent Director	0.42
Mr. Naresh Chand Singhal, Non-executive, Independent Director	0.18
Ms. Rekha Sethi, Non-executive, Independent Director	0.48
Mr. Abhay Gandhi, Whole-Time Director & Chief Executive Officer	95.33

*For the purpose of the above table remuneration includes sitting fees paid. Sitting Fees has been paid to Independent Directors from 31st October, 2015 and to Non-Executive Directors (other than Independent Director) from 7th November, 2015 vide resolutions passed at the respective Board Meeting. Therefore, the ratios may not be comparable.

** Ceased w.e.f. 4th May, 2015

(ii) Percentage increase in remuneration¹ of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year 2015-16:

Name & Designation of Director & KMP	% increase / (decrease) in Remuneration in the Financial Year 2015-16	Remuneration¹ of the Director/ KMP for the financial year 2015-16 (₹ In Millions)
Mr. Dilip S. Shanghvi ²	NA	-
Mr. Sudhir V. Valia, Non-Executive Director	NA	0.075
Mr. Sailesh T. Desai, Non-Executive Director	NA	0.100
Mr. S. Mohanchand Dadha, Non-executive, Independent Director	NA	0.175
Mr. Naresh C Singhal, Non-executive, Independent Director ³	NA	0.075
Ms. Rekha Sethi, Non-executive, Independent Director	NA	0.200
Mr. Abhay Gandhi, Whole-Time Director & Chief Executive Officer (as per Form 16)	30.01	39.613
Mr. Uday Baldota, Chief Financial Officer ⁴	Nil	Nil
Ms. Rachana Kokal, Company Secretary ⁵	NA	0.526
Ms. Divya Mascarenhas, Company Secretary ⁶	NA	0.204

¹Remuneration includes sitting fees paid. Sitting Fees has been paid to Independent Directors from 31st October, 2015 and to Non-Executive Directors (other than Independent Director) from 7th November, 2015 vide resolutions passed at the respective Board Meeting.

² Mr. Dilip S. Shanghvi ceased w.e.f. 4th May, 2015

³ Mr. Naresh Chand Singhal appointed w.e.f. 11th February, 2016

⁴Mr. Uday Baldota, Chief Financial Officer is not paid any remuneration from the Company.

⁵Ms. Rachana Kokal has been appointed as Company Secretary w.e.f. 14th August, 2015. Therefore, increase in remuneration cannot be given.

⁶Ms. Divya Mascarenhas ceased w.e.f. 14th August, 2015

(iii) **the percentage increase in the median remuneration of employees in the financial year 2015-16: 18.55%**

(iv) **the number of permanent employees on the rolls of Company as on 31st March, 2016: 6234**

(v) **the explanation on the relationship between average increase in remuneration and company performance:**

The Company's Compensation philosophy is related to Pay to Performers and to be market competitive. We continue to focus on attraction & retention through individual performance.

(vi) **Comparison of the remuneration of the Whole-time Directors and Key Managerial Personnel against the performance of the company;**

(₹ in Millions)	
Aggregate remuneration of Whole-time Directors and Key Managerial Personnel in FY 2015-16	40.14
Remuneration of Whole-time Directors and Key Managerial Personnel as % of Profit before Tax	0.48%
Total Revenue of the Company in FY 2015-16 [standalone]	50181.00
Remuneration of Whole-time Directors and Key Managerial Personnel as % of revenue	0.08%

(vii) **Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase/(decrease) in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.**

The equity shares of the Company are not listed on any stock exchange therefore this is not applicable to the Company.

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

Average percentage increase in salary of employees other than managerial personnel: 13.79%

Average percentage increase in salary of managerial personnel: 14.10%

(ix) **Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;**

(₹ in Millions)				
	Mr. Abhay Gandhi	Mr. Uday Baldota	Ms. Rachana Kokal w.e.f 14 th August, 2015	Ms. Divya upto 14 th August, 2015
Remuneration of Whole-time Directors and Key Managerial Personnel in FY 2015-16 (as per Form 16)	39.613	Nil	0.526	0.204

Remuneration of Whole-time Directors and Key Managerial Personnel (as % of Profit)	0.48%	Not Applicable	0.01%	0.00
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(x) Key parameters for any variable component of remuneration availed by the directors;

The directors who have variable pay as a part of their remuneration are paid based on their performance evaluation. The key parameters in such evaluation are his individual performance objectives, performance of his business unit and performance of the Company.

(xi) Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

During the year 2015-16, none of the employees received remuneration in excess of the highest paid director i.e. Mr. Abhay Gandhi, Whole-Time Director & CEO.

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

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

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2016

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration Rules), 2014

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U25200MH1997PLC240268
- ii) Registration date: January 17, 1997
- iii) Name of the Company: Sun Pharma Laboratories Limited
- iv) Category/ Sub-category of the Company: Company Limited By Shares
- v) Address of the Registered Office and Contact details: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (East), Mumbai
Contact no: 022-43244324
- vi) Whether listed company: Yes
- vii) Name , Address , and Contact details of Registrar and Transfer Agent: (For Debt Securities Only)
Link Intime (India) Private Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400078
Contact No - 022-25946970

II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

Sr.no	Name and Description of main products/services	NIC code of the Product/ Service	% to total turnover of the Company
1	Pharmaceuticals	210	99.93%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr.No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Sun Pharmaceutical Industries Limited	L24230GJ1993PLC019050	Holding	100%	2(46)
2	Universal Enterprises Private Limited	N.A.	Subsidiary	100%	2(87)(ii)

IV SHARE HOLDING PATTERN (Equity Share Breakup as percentage of Total Equity)

i) Category-wise shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter*									NIL
1)	Indian	0	0	0	0	0	0	0	0	
a)	Individual/ HUF	0	0	0	0.00%	0	0	0	0.00%	
b)	Central Government/ State Government	0	0	0	0.00%	0	0	0	0.00%	
c)	Bodies Corporate	0	50000*	50000*	100.00%	0	50000*	50000*	0.00%	
d)	Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	
e)	Any other	0	0	0	0.00%	0	0	0.00%	0.00%	
Sub total (A) (1)		0	50000*	50000*	100.00%	0	50000*	50000*	0.00%	
2)	Foreign	0	0	0	0.00%	0	0	0	0.00%	
a)	Individuals (NRIs)	0	0	0	0.00%	0	0	0	0.00%	
b)	Other Individuals	0	0	0	0.00%	0	0	0	0.00%	
c)	Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	
d)	Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	
e)	Any other	0	0	0	0.00%	0	0	0	0.00%	
Sub total (A)(2)		0	0	0	0.00%	0	0	0	0.00%	
Total shareholding of Promoter & Promoter group (A)=(A)(1)+(A)(2)		0	50000*	50000*	100.00%	0	50000*	50000*	0.00%	
(B)	Public Shareholding	0	0	0	0.00%	0	0	0	0.00%	
1)	Institutions	0	0	0	0.00%	0	0	0	0.00%	
a)	Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	
b)	Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	
c)	Central Government/ State Government	0	0	0	0.00%	0	0	0	0.00%	

d)	Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%
e)	Insurance Companies	0	0	0	0.00%	0	0	0	0.00%
f)	FIIIs	0	0	0	0.00%	0	0	0	0.00%
g)	Foreign Venture Capital	0	0	0	0.00%	0	0	0	0.00%
h)	Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%
i)	Any other (specify)	0	0	0	0.00%	0	0	0	0.00%
Sub total (B)(1)		0	0	0	0.00%	0	0	0	0.00%
2)	Non-Institutions	0	0	0	0.00%	0	0	0	0.00%
a)	Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%
i)	Indian	0	0	0	0.00%	0	0	0	0.00%
ii)	Overseas	0	0	0	0.00%	0	0	0	0.00%
b)	Individuals	0	0	0	0.00%	0	0	0	0.00%
i)	Individual shareholders holding nominal share capital upto ₹1 lakh	0	0	0	0.00%	0	0	0	0.00%
ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	0	0	0	0.00%	0	0	0	0.00%
c)	Others (specify)	0	0	0	0.00%	0	0	0	0.00%
i)	Non Resident Indians (Repat)	0	0	0	0.00%	0	0	0	0.00%
ii)	Non Resident Indians (Non-Repat)	0	0	0	0.00%	0	0	0	0.00%
iii)	Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%
iv)	Clearing Member	0	0	0	0.00%	0	0	0	0.00%
v)	Directors/ Relatives	0	0	0	0.00%	0	0	0	0.00%
vi)	Trusts	0	0	0	0.00%	0	0	0	0.00%

vii)	Foreign Portfolio Investor (Corporate)	0	0	0	0.00%	0	0	0	0.00%
viii)	Overseas Corporate Bodies	0	0	0	0.00%	0	0	0	0.00%
ix)	Foreign Nationals	0	0	0	0.00%	0	0	0	0.00%
Sub total (B) (2)		0	0	0	0.00%	0	0	0	0.00%
Total Public shareholding Public Group (B)= (B)(1)+(B)(2)		0	0	0	0.00%	0	0	0	0.00%
(C) Shares held by Custodian for GDRs & ADRs		0	0	0	0.00%	0	0	0	0.00%
GRAND TOTAL (A)+(B)+(C)		0	50000*	50000*	100.00%	0	50000*	50000*	100.00%

* Including shares held by nominees for and on behalf of Sun Pharmaceutical Industries Limited (SPIL) jointly with SPIL

ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sun Pharmaceutical Industries Limited	50000*	100%	NIL	50000*	100%	NIL	NIL

* Including shares held by nominees for and on behalf of SPIL, jointly with SPIL

iii) Change in Promoters' Shareholding

Sr. No	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Sun Pharmaceutical Industries Limited*	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	At the beginning of the year	50000	100.00	N.A	N.A
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Changes			
	At the end of the year	N.A	N.A	50000	100.00

*Six Individual shareholders are holding 1 equity share each jointly with SPIL for and on behalf of SPIL as a nominee of SPIL

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

Sr. no	For Each of the top 10 shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	At the beginning of the year			N.A	N.A
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Changes			
	At the end of the year	N.A	N.A		

* Four Individual shareholders other than Directors are holding 1 equity share each, jointly with SPIL, and for and on behalf of SPIL as a nominee of SPIL.

v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No	Name of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	Sudhir V. Valia*	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	At the beginning of the year	1	0.002	N.A	N.A
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Changes			
	At the end of the year	N.A	N.A	1	0.002
2	Sailesh T. Desai*	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	At the beginning of the year	1	0.002	N.A	N.A
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Changes			
	At the end of the year	N.A	N.A	1	0.002

*The aforementioned persons hold 1 equity share jointly with SPIL for and on behalf of SPIL as a nominee of SPIL.

v) INDEBTEDNESS

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

(Amount in Millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits ⁽²⁾	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	87.42	79.40	166.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due ⁽¹⁾	-	-	-	-
Total (i+ii+iii)	-	87.42	79.40	166.82
Change in Indebtedness during the financial year				
· Addition: Principal Amount ⁽³⁾	-	10000.00	2.48	10002.48
· Reduction : Principal Amount ⁽³⁾	-	20.44	-	20.44
· Addition: Interest accrued but not due ⁽¹⁾		216.99	-	216.99
Net Change	-	10196.55	2.48	10199.03
Indebtedness at the end of the financial year				
i) Principal Amount	-	10066.98	81.88	10148.86
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due ⁽¹⁾	-	216.99	-	216.99
Total (i+ii+iii)	-	10283.98	81.88	10365.85

Notes:

(1) Interest accrued but not due on borrowings.

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

(3) Change in the Working Capital facility viz. Cash Credit and Overdraft facilities have been shown on net basis.

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(As per Form 16, on actual payment basis)

(Amount in ₹)

Sr. no.	Particulars of Remuneration	Mr. Abhay Gandhi, Whole Time Director & CEO	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,94,57,660	3,94,57,660
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1,52,379	1,52,379
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission as a % of profit	0	0
5	Others, please specify	0	0
Total (A)		3,96,10,039	3,96,10,039
Ceiling as per the Act		₹8502.05 million – Being 5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013	

B) Remuneration to other directors:

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

(Amount in ₹)

Sr. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Dilip Shanghvi*	Mr. Sailesh Desai	Mr. Sudhir Valia	Ms. Rekha Sethi	Mr. S M. Dadha	Mr. Naresh Chand Singhal	
	Independent Directors							
1	Fee for attending board committee meetings	0	0	0	2,00,000	1,75,000	75,000	4,50,000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
Total (1)		0	0	0	2,00,000	1,75,000	75,000	4,50,000
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	0	1,00,000	75,000	0	0	0	1,75,000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
Total (2)		0	1,00,000	75,000	0	0	0	1,75,000
Total (B)=(1+2)		0	1,00,000	75,000	2,00,000	1,75,000	75,000	6,25,000
Overall Ceiling as per the Act	Not applicable since no commission was payable to Director during the year and ₹1,00,000 per Director per Meeting of Board or Committee thereof for Sitting fees .							
Total Managerial Remuneration (A+B)							4,02,35,039	

* Ceased w.e.f. 4th May, 2015

Note: Sitting Fees has been paid to Independent Directors from October 31, 2015 and to Non-Executive Directors (other than Independent Director) from November 7, 2015 vide resolutions passed at the respective Board Meeting.

C) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(As per Form 16, on actual payment basis)

(Amount in ₹)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Uday Baldota CFO	Ms. Divya Mascarenhas (upto 14th August 2015) Company Secretary	Ms. Rachana Kokal (w.e.f. 14th August 2015) Company Secretary	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2,04,426	5,26,913	7,31,339
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961		0	0	0

	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NIL	0	0	0
2	Stock Option		0	0	0
3	Sweat Equity		0	0	0
4	Commission as % of profit		0	0	0
5	Others, please specify		0	0	0
Total			2,04,426	5,26,913	7,31,339

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY			NIL		
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Abhay Gandhi
Whole-Time Director & CEO
(07014601)

Sudhir V. Valia
Director
(00005561)

Place: Mumbai
Date: 30th May, 2016

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016.

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

To,
The Members,
Sun Pharma Laboratories Limited,
Mumbai.

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment (Regulations relating to Foreign Direct Investment and External Commercial Borrowings not attracted to the Company for the year under review);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 – **Not applicable to the Company for the year under review;**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 effective up to 14th May, 2015 – **Not applicable to the Company for the year under review;**
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **Not applicable to the Company for the year under review;**

- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the year under review;**
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable to the Company for the year under review;**
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – **Not applicable to the Company;**
- h. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – **Not applicable to the Company for the year under review;**
- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

- (i) Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013 and made effective from 1st July, 2015;
- (ii) The Listing Agreement entered into by the Company – **The Company has not entered into Listing agreement during the period under review;**
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable;

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

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.
2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees except in case meeting was conducted by issued of shorter notice. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

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

b) Identified and complied with following laws applicable to the Company:

- Drugs and Cosmetics Act, 1940;
- Drugs (Price Control) Order, 2013;
- Environment Protection Act, 1986;
- Factories Act, 1948.

We further report that during the year under review,

- The Company has issued and allotted 10,000 (Ten Thousand) Unsecured Listed Redeemable Non-Convertible Debentures (NCDs) divided into 5,000 (Five Thousand) Series 1 – Non Convertible Debentures of Rs. 1,000,000/- (Rupees Ten lacs only) each aggregating to Rs. 5,000,000,000/- (Rupees Five Hundred Crores only) and 5,000 (Five Thousand) Series 2 – Non Convertible Debentures of Rs. 1,000,000/- (Rupees Ten lacs only) each aggregating to Rs. 5,000,000,000/- (Rupees Five Hundred Crores only) on a Private Placement basis to the eligible investors. The said NCDs were admitted for dealing on the BSE Limited (Stock Exchange) under Debt segment platform with effect from 8th January, 2016.
- The Company has obtained approval of the members by way of Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of charges, mortgages and hypothecations upto the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said loans, shall not, at any time exceed the limit of Rs. 100,000,000,000/- (Rupees Ten Thousand Crores only);
- The Company has obtained approval of the members by way of Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrow money on behalf of the Company, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate paid-up share capital of the Company and its free reserves, (that is to say reserve not set apart for any specific purpose) provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 100,000,000,000/- (Rupees Ten Thousand Crores only).
- The Company has acquired 750,000,000 (Seventy-Five Crores) 5% Optionally Convertible Preference Shares of USD 1/- each and 50,000 (Fifty Thousand) Equity Shares of USD 1/- each in Sun Pharma Holdings, Mauritius from Sun Pharmaceutical Industries Limited (Holding Company).

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

**Chintan J. Goswami
Proprietor
Mem No. - 33697
C. P. No. - 12721
Date: 30th May, 2016.
Place: Mumbai.**

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

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
Sun Pharma Laboratories Limited,
Mumbai.

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

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

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

**Chintan J. Goswami
Proprietor
Mem No. - 33697
C. P. No. - 12721
Date: 30th May, 2016.
Place: Mumbai.**

ANNEXURE D

Annual Report on CSR activities for the financial year 2015-16

Details	Particulars
A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken	<p>The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.</p> <p>Your Company has identified health, education & livelihood, environment protection, water management and disaster relief as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass-root level during the year.</p>
Reference to the web-link to the CSR policy and projects or programmes:	www.spil.co
Composition of the CSR Committee:	Mr. Sudhir V. Valia, Mr. Abhay Gandhi and Ms. Rekha Sethi
Average net profit of the Company for last three financial years:	₹2101.41 Million
Prescribed CSR Expenditure (two percent of the amount as in item above):	₹42.03 Million
Details of CSR spend for the financial year:	
a) Total amount spent for the financial year:	₹54.50 Million
b) Amount unspent, if any:	Nil

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and District where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise (₹ in Millions)	Amount spent on the projects or programs (Direct Expenditure)* (₹ in Millions)	Cumulative expenditure upto to the reporting period (₹ in Millions)	Amount spent Directly or through implementing agency
1	Setting up High Energy Linear Accelerator to deliver Cancer treatment to the poor	Healthcare under Item No.(i)	Allahabad, U.P.	42.50	42.50	42.50	Through Implementing Agency
2	Mobile Medical Unit	Healthcare under Item No.(i)	Ranipool, Sikkim	9.04	2.41	5.58	Through Implementing Agency

3	Kidney's Dialysis Project	Healthcare under Item No.(i)	Mumbai, Maharashtra	2.11	2.11	2.11	Through Implementing Agency
4	Cataract Surgery Programme	Healthcare under Item No.(i)	Mumbai, Maharashtra	1.50	1.50	1.50	Through Implementing Agency
5	Post-Operative rehabilitation treatment for Paediatric and Cerebral Palsy Patients	Healthcare under Item No.(i)	Valsad, Gujarat	0.60	0.60	0.60	Through Implementing Agency
6	Healthcare Programme	Healthcare under Item No.(i)	Ranipool, Sikkim	0.19	0.19	0.19	Directly
7	Enhancing Education for Students from Tribal Areas	Education under Item No.(ii)	Valsad, Gujarat	2.38	2.38	2.38	Through Implementing Agency
8	Education Programme	Education under Item No.(ii)	Ranipool, Sikkim	0.99	0.99	0.99	Directly
9	Drinking Water Project	Drinking Water under Item No.(i)	Kokolay, Sikkim	1.74	1.74	1.74	Directly
10	Drinking Water for Disabled Children's School	Drinking Water under Item No.(i)	Alwar, Rajasthan	0.10	0.10	0.10	Through Implementing Agency
TOTAL					54.50		

A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Abhay Gandhi
Whole-Time Director & CEO
(Member of CSR Committee)
(07014601)

Sudhir V. Valia
Director
(Chairman of CSR Committee)
(00005561)

Place: Mumbai
Date: 30th May, 2016

Note: Please note that the overhead expenditure is Nil.

ANNEXURE E

CONSERVATION OF ENERGY

Particular	2015-16	2014-15
(A) Power & Fuel consumption		
(1) Electricity		
(a) Purchased		
Unit (in '000 KWH)	20,669	22,221
Total Amount (₹in millions)	106.8	109.8
Rate (₹/ Unit)	5.17	4.94
(b) Own Generation Through Diesel Generators		
Unit (in '000 KWH)	1,399	1,715
Unit per Liter of Diesel oil	2.80	3.38
Cost (₹/ Unit)	14.47	16.65
(2) Furnace Oil / HSD		
Quantity (in '000 Litres)	925	1,163
Total Amount (₹in millions)	44.5	65.1
Average Rate	48.18	56.03
(3) Wood / Briquette		
Quantity (in '000 Kgs)	-	313
Total Amount (₹ in millions)	-	1.8
Average Rate (₹/ Unit)	-	5.60

B) Consumption per unit of production

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

C) Energy conservation measures

- 1 Improve boiler system efficiency by installation Air Preheater (APH), Condensate recovery system & by installing effective insulation on the boilers.
- 2 Improve steam distribution system performance by arresting leakages & by installing effective insulation on the Steam distribution lines.
- 3 Improve compressed air system performance by arresting compressed air leakages, installation & utilisation of small size compressor for water treatment plant when there is no production.
- 4 Electricity usages are reduced by confined control on lightings.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Million)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Earnings	0.2	164.8
Outgo	1,992.1	1,348.5

For and on behalf of the Board of Directors

Abhay Gandhi
Whole-Time Director & CEO
(07014601)

Sudhir V. Valia
Director
(00005561)

Place: Mumbai
Date: 30th May, 2016

ANNEXURE F**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

(₹ in Millions)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Universal Enterprises Pvt. Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4.	Share capital	4.5
5.	Reserves & surplus	0.79
6.	Total assets	5.30
7.	Total Liabilities	0.01
8.	Investments	Nil
9.	Turnover	Nil
10.	Profit before taxation	0.004
11.	Provision for taxation	0.001
12.	Profit after taxation	0.003
13.	Proposed Dividend	Nil
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year – Not Applicable

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures – Not Applicable

- Names of associates or joint ventures which are yet to commence operations - Not Applicable
- Names of associates or joint ventures which have been liquidated or sold during the year – Not Applicable

For and on behalf of the Board of Directors

Abhay Gandhi
Whole-Time Director & CEO
(07014601)

Sudhir V. Valia
Director
(00005561)

Place: Mumbai
Date: 30th May, 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN PHARMA LABORATORIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SUN PHARMA LABORATORIES 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 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 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 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 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 financial statements.

Opinion

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

Emphasis of Matter

We draw attention to Note 42 to the financial statements, which describes the accounting treatment followed by the Company, with respect to intangible assets of the Domestic Formulation undertaking transferred to the Company pursuant to the scheme of arrangement in the nature of spin off and transfer of the said undertaking without consideration by Sun Pharmaceutical Industries Limited, the holding Company.

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 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 financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

RAJESH K. HIRANANDANI
Partner
(Membership No. 36920)

Place: Mumbai
Date: 30th May, 2016

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 Pharma Laboratories 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 Pharma Laboratories Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the 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 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 Pharma Laboratories 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, in respect of a building where the Company is entitled to the right of occupancy and use and has disclosed as fixed assets in the 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. We further report that the following freehold land are not in the name of the Company:

Particulars of the freehold land	Gross Block (as at 31st March, 2016) Rs. In Million	Net Block (as at 31st March, 2016) Rs. In Million	Remarks
Freehold land located at Guwahati, Assam admeasuring around 7.95 acres	11.7	11.7	The registered sale deeds are in the name of Sun Pharma Sikkim (Partnership Firm) which was then converted into Sun Pharma Drugs Private Limited, erstwhile Company that was merged with the Company pursuant to the scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court of Bombay.
Freehold land located at Chennai, Tamil Nadu admeasuring around 6.35 acres	0.3	0.3	The registered sale deeds are in the name of Sun Pharmaceutical Industries (Partnership Firm) which was then converted into Sun Pharma Medication Private Limited, erstwhile Company that was merged with the Company pursuant to the scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 in terms of the

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

Particulars of the land	Gross Block (as at 31st March, 2016) Rs. In Million	Net Block (as at 31st March, 2016) Rs. In million	Remarks
Leasehold land located at Gangtok, Sikkim, admeasuring around 6.58 acres	77.6	73.9	The lease agreements are in the name of Sun Pharma Sikkim (Partnership Firm) which was then converted into Sun Pharma Drugs Private Limited, erstwhile Company that was merged with the Company pursuant to the scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court of Bombay.
Leasehold land located at Gangtok, Sikkim, admeasuring around 3.66 acres	36.2	35.5	The lease agreement is in the name of Sun Pharma Drugs Private Limited, erstwhile Company that was merged with the Company pursuant to the scheme of arrangement under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court of Bombay.

- (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 granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), in respect of which:
- The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - There is no overdue amount remaining outstanding as at the year-end.

- (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder and hence reporting under clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. 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 and Excise Duty 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 involved (Rs in Million)	Amount paid under protest (Rs. In Million)
Income Tax Act, 1961	Income Tax, Interest and Penalty	Commissioner	2011-14	13,131.0	5,505.8
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner (Appeals)	2005-06 and 2012-16	86.9	4.6
		Tribunal	2000-01, 2004-05, 2006-15	939.4	74.5
		Supreme Court	2005-08	32.6	-

There are no dues of Sales Tax, Service Tax, Customs Duty and Value added Tax which have not been deposited as on 31st March, 2016 on account of disputes.

- (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 banks. The Company has not taken any loans or borrowings from financial institutions and government. There are no repayment which were due to debenture holders during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of paragraph 3 of the Order is not applicable.
- (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 accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (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 Section 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 financial statements etc. 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 holding, subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 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

SUN PHARMA LABORATORIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2016

	Note No.	As at 31st March, 2016		As at 31st March, 2015	
		₹ in Million	₹ in Million	₹ in Million	₹ in Million
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	400.5		400.5	
Reserves and Surplus	2	189,956.2	190,356.7	185,706.6	186,107.1
Non-current Liabilities					
Long-term Borrowings	3	10,000.0		-	
Deferred Tax Liabilities (Net)	4	260.7		240.3	
Other Long-term Liabilities	5	81.9		79.4	
Long-term Provisions	6	1,072.8	11,415.4	893.3	1,213.0
Current Liabilities					
Short-term Borrowings	7	67.0		87.4	
Trade Payables					
Total outstanding dues of micro enterprises and small enterprises	35	24.0		15.6	
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,775.5		3,444.4	
Other Current Liabilities	8	1,465.7		617.3	
Short-term Provisions	9	3,420.9	8,753.1	1,426.1	5,590.8
TOTAL			210,525.2		192,910.9
ASSETS					
Non-current Assets					
Fixed Assets					
Tangible Assets	10A	6,868.4		5,885.2	
Intangible Assets	10B	122,398.9		137,236.7	
Capital Work-in-Progress		2,248.9		2,276.9	
		131,516.2		145,398.8	
Non-current Investments	11	38,758.9		1,787.1	
Long-term Loans and Advances	12	5,155.4		5,001.9	
Other Non-current Assets	13	-	175,430.5	48.9	152,236.7
Current Assets					
Current Investments	14	6,068.8		19,988.0	
Inventories	15	5,441.5		6,285.5	
Trade Receivables	16	3,835.6		5,375.5	
Cash and Cash Equivalents	17	70.9		94.1	
Short-term Loans and Advances	18	19,663.1		8,907.5	
Other Current Assets	19	14.8	35,094.7	23.6	40,674.2
TOTAL			210,525.2		192,910.9

See accompanying notes 1 to 50 forming part of the Financial Statements
In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board

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

SUDHIR V. VALIA
Director

UDAY V. BALDOTA
Chief Financial Officer

SAILESH T. DESAI
Director

RACHANA N. KOKAL
Company Secretary

ABHAY A. GANDHI
Whole time Director & CEO

Mumbai, 30th May, 2016

SUN PHARMA LABORATORIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note No.	Year ended 31st March, 2016		Year ended 31st March, 2015	
		₹ in Million	₹ In Million	₹ in Million	₹ in Million
Revenue from Operations	20	47,833.1		43,198.9	
Less: Excise Duty		<u>1,175.7</u>		<u>1,328.4</u>	
		46,657.4		41,870.5	
Other Income	21	<u>3,523.6</u>		<u>2,072.6</u>	
Total Revenue			50,181.0		43,943.1
Expenses					
Cost of Materials Consumed	22	8,240.0		8,880.6	
Purchases of Stock-in-Trade	31	5,757.6		4,770.7	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	158.0		(1,037.3)	
Finance Costs	24	221.9		7.8	
Employee Benefits Expense	25	4,565.6		3,918.8	
Depreciation and Amortisation Expense	10	15,870.0		15,824.0	
Other Expenses	26	<u>7,082.6</u>		<u>9,771.3</u>	
Total Expenses			41,895.7		42,135.9
Profit before tax			8,285.3		1,807.2
Tax Expense:					
Current Tax	39	1,560.0		2,070.0	
Deferred Tax		<u>20.4</u>	<u>1,580.4</u>	<u>(35.8)</u>	<u>2,034.2</u>
Profit / (Loss) for the year			6,704.9		(227.0)
Earnings per Share					
Basic and Diluted (in ₹) Face Value per Equity share - ₹ 10	37		133,136		(4,540)

See accompanying notes 1 to 50 forming part of the Financial Statements
In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board

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

SUDHIR V. VALIA
Director

UDAY V. BALDOTA
Chief Financial Officer

SAILESH T. DESAI
Director

RACHANA N. KOKAL
Company Secretary

ABHAY A. GANDHI
Whole time Director & CEO

Mumbai, 30th May, 2016

SUN PHARMA LABORATORIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March, 2016 ₹ in Million	Year ended 31st March, 2015 ₹ in Million
A. Cash Flow from Operating Activities		
Profit Before Tax	8,285.3	1,807.2
Adjustments for:		
Depreciation and Amortisation Expense	15,870.0	15,824.0
Loss on Sale of Fixed Assets (net)	1.6	150.4
Finance Costs	221.9	7.8
Interest Income	(2,164.2)	(980.0)
Net Gain on Sale of Current Investments	(1,187.3)	(1,081.8)
Provision for other than temporary diminution in value of non-current investment	-	2,420.3
Loss on Sale of Long Term Investment in Limited Liability Partnership	216.7	-
Provision for Doubtful Trade Receivable / Sundry Balances written off (Net)	126.7	4.2
Net Unrealised Foreign Exchange (Gain) / Loss	(18.1)	3.9
Operating Profit Before Working Capital Changes	21,352.6	18,156.0
Changes in working capital:		
Adjustments for (Increase) / Decrease in Operating Assets:		
Inventories	844.0	(1,119.1)
Trade Receivables	1,420.7	(1,549.6)
Loans and Advances	42.0	1,134.9
Other Assets	(6.1)	23.2
Adjustments for Increase / (Decrease) in Operating Liabilities:		
Trade Payables	350.1	519.0
Other Liabilities	69.5	155.3
Provisions	(281.0)	831.3
Cash Generated from Operations	23,791.8	18,151.0
Income Tax Paid	(1,273.3)	(4,652.4)
Net Cash Generated from Operating Activities (A)	22,518.5	13,498.6
B. Cash Flow from Investing Activities		
Capital Expenditure on Fixed Assets, including Capital Advances	(1,870.4)	(3,460.9)
Proceeds from Sale of Fixed Assets	4.4	205.2
Purchase of Fixed Assets given under Finance Lease	-	(79.1)
Receipt of rental on Fixed Assets given under Finance Lease	10.0	8.1
Purchase of Investments		
Related Party	(38,211.3)	-
Others	(267,996.0)	(183,850.6)
Proceeds from Sale of Current Investments	284,125.3	175,435.5
Inter Corporate Deposit Given	(4,972.1)	(5,052.4)
Inter Corporate Deposit Received back	2,165.7	2,018.0
Inter Corporate Deposit Given - Related Party	(35,480.0)	-
Inter Corporate Deposit Received back - Related Party	27,480.0	-
Interest Received	2,228.0	889.2
Bank Balances not considered as Cash and Cash Equivalents		
Fixed Deposits Placed	-	(27.0)
Fixed Deposits Matured	25.9	382.4
Net Cash Flow used in Investing Activities (B)	(32,490.5)	(13,531.6)
C. Cash Flow from Financing Activities		
Proceeds from Long-term Borrowings	10,000.0	-
Net Decrease in working capital Borrowings	(20.4)	(2.2)
Finance Costs	(4.9)	(2.8)
Net Cash Flow from / (used in) Financing Activities (C)	9,974.7	(5.0)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	2.7	(38.0)
Cash and Cash Equivalents at the Beginning of the Year	7.6	41.9
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents (₹ 16,590)	0.0	3.7
Cash and Cash Equivalents at the end of the Year (Refer Note 17)	10.3	7.6
See accompanying notes 1 to 50 forming part of the Financial Statements		

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board

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

SUDHIR V. VALIA
Director

UDAY V. BALDOTA
Chief Financial Officer

SAILESH T. DESAI
Director

RACHANA N. KOKAL
Company Secretary

ABHAY A. GANDHI
Whole time Director & CEO

Mumbai, 30th May, 2016

1 Share Capital	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	₹ in Million	Number of Shares	₹ in Million
Authorised				
Equity Shares of ₹ 10 each	50,000,000	500.0	50,000,000	500.0
Redeemable Preference Shares of ₹ 100 each	4,000,000	400.0	4,000,000	400.0
	<u>54,000,000</u>	<u>900.0</u>	<u>54,000,000</u>	<u>900.0</u>
Issued, Subscribed and Fully Paid Up (Refer Note 29)				
Equity Shares of ₹ 10 each	50,000	0.5	50,000	0.5
10% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 100 each	4,000,000	400.0	4,000,000	400.0
	<u>4,050,000</u>	<u>400.5</u>	<u>4,050,000</u>	<u>400.5</u>
2 Reserves and Surplus	As at 31st March, 2016		As at 31st March, 2015	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Capital Reserve				
As per last year Balance sheet		185,654.3		185,654.3
Capital Redemption Reserve				
Opening Balance ₹ 10,000 (Previous Year ₹ 10,000)		0.0		0.0
Debenture Redemption Reserve				
Opening Balance		-		-
Add: Transferred from Surplus in Statement of Profit and Loss	1,041.7			
Closing Balance		1,041.7		-
Surplus in Statement of Profit and Loss				
Opening Balance	52.3		279.3	
Add: Profit / (Loss) for the Year	6,704.9		(227.0)	
Less: Transferred to Debenture Redemption Reserve	1,041.7		-	
Dividend proposed to be distributed to Equity Shareholders [₹ 40,000 (Previous Year ₹ Nil) per share]	2,000.0		-	
Dividend proposed to be distributed to Preference Shareholders [₹ 10 (Previous Year ₹ Nil) per share]	40.0		-	
Corporate Dividend Tax	415.3		-	
Closing Balance		3,260.2		52.3
		<u>189,956.2</u>		<u>185,706.6</u>
3 Long-term Borrowings				
Unsecured				
Redeemable non-convertible debentures (Refer Note 47)		10,000.0		-
		<u>10,000.0</u>		<u>-</u>
4 Deferred Tax Liabilities (Net)				
Deferred Tax Liability				
Depreciation on Fixed Assets		431.7		303.6
Less :				
Deferred Tax Assets				
Unpaid Liabilities Allowable on payment basis U/s 43B of the Income Tax Act, 1961	126.6		62.4	
Others	44.4		0.9	
		171.0		63.3
		<u>260.7</u>		<u>240.3</u>
5 Other Long-term Liabilities				
Trade / Security Deposits Received		81.9		79.4
		<u>81.9</u>		<u>79.4</u>
6 Long-term Provisions				
Employee Benefits		247.7		143.0
Product Returns (Refer Note 43)		825.1		750.3
		<u>1,072.8</u>		<u>893.3</u>
7 Short-term Borrowings				
Loans Repayable on Demand (Unsecured):				
Cash Credit Facility from Banks		67.0		87.4
		<u>67.0</u>		<u>87.4</u>

SUN PHARMA LABORATORIES LIMITED
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 ₹ in Million
8 Other Current Liabilities		
Interest accrued but not due on borrowings	217.0	-
Statutory Remittances	329.3	348.4
Payables on Purchase of Fixed Assets	825.4	260.9
Advances from Customers	7.0	3.7
Temporary Overdrawn Bank Balance as per books	87.0	4.3
	<u>1,465.7</u>	<u>617.3</u>
9 Short-term Provisions		
Employee Benefits	185.8	108.8
Product Returns (Refer Note 43)	750.3	640.8
Proposed Dividend	2,040.0	-
Corporate Dividend Tax	415.3	-
Others (Refer Note 43)	29.5	676.5
	<u>3,420.9</u>	<u>1,426.1</u>

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

10 Fixed Assets

₹ in Million

Description of Assets	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.2015	Additions during the year	Deletions / Adjustments during the year	As at 31.03.2016	As at 01.04.2015	For the year	On Deletions for the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible Assets										
Freehold Land	12.0	-	-	12.0	-	-	-	-	12.0	12.0
	(12.0)	(-)	(-)	(12.0)	(-)	(-)	(-)	(-)	(12.0)	(12.0)
Leasehold Land	139.4	-	-	139.4	5.0	1.3	-	6.3	133.1	134.4
	(143.2)	(6.9)	(10.7)	(139.4)	(4.3)	(1.3)	(0.6)	(5.0)	(134.4)	(138.9)
Buildings	3,658.2	691.0	-	4,349.2	177.0	104.5	-	281.5	4,067.7	3,481.2
	(657.6)	(3,000.6)	(-)	(3,658.2)	(97.4)	(79.6)	(-)	(177.0)	(3,481.2)	(560.2)
Plant and Equipment	2,881.8	754.3	6.2	3,629.9	892.5	410.3	2.8	1,300.0	2,329.9	1,989.3
	(2,241.5)	(1,262.2)	(621.9)	(2,881.8)	(736.0)	(450.8)	(294.3)	(892.5)	(1,989.3)	(1,505.5)
Vehicles	64.4	12.7	4.7	72.4	22.5	9.4	3.0	28.9	43.5	41.9
	(63.1)	(12.3)	(11.0)	(64.4)	(18.5)	(9.2)	(5.2)	(22.5)	(41.9)	(44.6)
Office Equipment	168.5	115.5	1.1	282.9	32.9	61.2	0.2	93.9	189.0	135.6
	(37.9)	(130.6)	(-)	(168.5)	(12.3)	(20.6)	(-)	(32.9)	(135.6)	(25.6)
Furniture and Fixtures	123.0	15.5	-	138.5	32.2	13.1	-	45.3	93.2	90.8
	(87.4)	(61.7)	(26.1)	(123.0)	(28.7)	(17.5)	(14.0)	(32.2)	(90.8)	(58.7)
Total Tangible Assets (A)	7,047.3	1,589.0	12.0	8,624.3	1,162.1	599.8	6.0	1,755.9	6,868.4	5,885.2
Previous Year	(3,242.7)	(4,474.3)	(669.7)	(7,047.3)	(897.2)	(579.0)	(314.1)	(1,162.1)	(5,885.2)	
B. Intangible Assets (Refer Note 42)										
Trademarks, Brands (including right to use), Know-how and other related intangibles	182,961.2	432.5	-	183,393.7	45,724.6	15,270.2	-	60,994.8	122,398.9	137,236.7
	(182,877.0)	(84.3)	(-)	(182,961.3)	(30,479.6)	(15,245.0)	(-)	(45,724.6)	(137,236.7)	(152,397.4)
Total Intangible Assets (B)	182,961.2	432.5	-	183,393.7	45,724.6	15,270.2	-	60,994.8	122,398.9	137,236.7
Previous Year	(182,877.0)	(84.3)	(-)	(182,961.3)	(30,479.6)	(15,245.0)	(-)	(45,724.6)	(137,236.7)	
Total Fixed Assets (A+B)	190,008.5	2,021.5	12.0	192,018.0	46,886.7	15,870.0	6.0	62,750.7	129,267.3	143,121.9
Previous Year	(186,119.7)	(4,558.6)	(669.7)	(190,008.6)	(31,376.8)	(15,824.0)	(314.1)	(46,886.7)	(143,121.9)	

Footnotes:

(i) Previous Year figures are in brackets

(ii) Building includes ₹ 1.8 Million (Previous Year ₹ 1.8 Million) and ₹ 1,772.0 Million (Previous Year ₹ 1,772.0 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.

As at 31st March, 2016
₹ in Million ₹ in Million

As at 31st March, 2015
₹ in Million ₹ in Million

11 Non-current Investments

Long-term Investments (*)

A) Trade Investments (Unquoted)

In Equity Shares - Subsidiary Company

Universal Enterprises Private Limited

450,000 (Previous Year 450,000) Shares of ₹ 10 each fully paid

12.5

12.5

In Equity Shares - Other

Sun Pharma Holdings

50,000 (Previous Year Nil) Ordinary Shares of USD 1 each fully paid

3.4

-

In Debentures

Sun Speciality Chemicals Pvt Ltd

1,156,500 (Previous Year 1,156,500) 0% Optionally Fully Convertible Debentures of ₹ 100 each fully paid

115.7

115.7

In Others (Limited Liability Partnership)

Silverstreet Developers LLP - Subsidiary

Less: Provision for other-than-temporary diminution in value of non-current investment

-

2,420.2

-

2,420.2

Generic Solar Power LLP

[₹ 28,760 (Previous Year ₹ Nil)]

0.0

-

In Preference Shares

Sun Pharma Holdings

550,000,000 (Previous Year Nil) 5% Optionally Convertible Preference Shares of USD 1 each fully paid.

37,991.2

-

B) Other Investments

In Debentures / Bonds (quoted)

Housing Development Finance Corporation Ltd - 9.9 NCD 23DC18

250 (Previous Year 250) Debentures of ₹ 1,000,000 each fully paid

253.1

253.1

Canara Bank-9.55% Canara Bank Perpetual Bonds 05-03-2025

Nil (Previous Year 500) Debentures of ₹ 1,000,000 each fully paid

-

501.1

IDBI Bank Ltd-10.75% IDBI Bank Ltd OMNI (2014-15-Series II) Tier I

Perpetual Bonds 17-10-2024

Nil (Previous Year 500) Debentures of ₹ 1,000,000 each fully paid

-

521.7

National Highways Authority of India-8.2 BD 25JN22

61,809 (Previous Year 61,809) Bonds of ₹ 1,000 each fully paid

64.9

64.9

Power Finance Corporation Ltd -SR-I 8.2 BD 01FB22

142,393 (Previous Year 142,393) Bonds of ₹ 1,000 each fully paid

149.1

149.1

Indian Railway Finance Corporation Ltd -8/8.15 BD 23FB22

163,131 (Previous Year 163,131) Bonds of ₹ 1,000 each fully paid

169.0

169.0

636.1

1,658.9

38,758.9

1,787.1

AGGREGATE VALUE OF INVESTMENTS

Quoted

Book Value

Market Value

Book Value

Market Value

636.1

665.2

1,658.9

1,696.9

Unquoted

38,122.8

2,548.4

Provision for other than temporary diminution in value

-

(2,420.2)

(*) At Cost less provision for other than temporary diminution in value, if any.

12 Long-term Loans and Advances

(Unsecured – Considered Good)

Capital Advances

531.6

90.2

Security Deposits

127.9

117.3

Loans and Advances to Employees

9.7

11.3

Advance Income Tax [Net of provision of ₹ 8,551.8 Million (Previous

Year ₹ 6,992.1 Million)]

4,099.6

4,386.3

Balances with Government Authorities

7.9

7.5

Receivable on Account of Assets given under Finance Lease (Refer

Notes 41(c) and 44)

378.7

389.3

5,155.4

5,001.9

13 Other Non-current Assets

(Unsecured – Considered Good)

Interest Accrued on Investment

-

48.9

-

48.9

SUN PHARMA LABORATORIES LIMITED
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	₹ in Million	₹ in Million	₹ in Million
14 Current Investments				
Non-trade				
A) Current Portion of Long-term Investments (at cost)				
In Mutual Funds (Unquoted)				
Units of Face Value of ₹ 10 each fully paid				
DSP Merrill Lynch Mutual Fund - DSP Blackrock FMP -Series 161 - 12M-Dir-Growth	-		200.0	
Nil (Previous Year 20,000,000) Units				
Deutsche Mutual Fund-DWS Fixed Maturity Plan Series 63-Regular Plan-Growth	-		150.0	
Nil (Previous Year 15,000,000) Units				
Deutsche Mutual Fund- DWS Interval Fund - Annual Plan Series 1 Direct - Growth	-		200.0	
Nil (Previous Year 18,416,715) Units				
ICICI Prudential Mutual Fund-ICICI Prudential FMP Series 73-391 Days Plan G Direct Plan Cumulative	-		250.0	
Nil (Previous Year 25,000,000) Units				
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 73 - 369 Days Plan T Direct Plan Cumulative	-		200.0	
Nil (Previous Year 20,000,000) Units				
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74 - 367 Days Plan D Direct Plan Cumulative	-		400.0	
Nil (Previous Year 40,000,000) Units				
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 74 - 368 Days Plan J Direct Plan Cumulative	-		200.0	
Nil (Previous Year 20,000,000) Units				
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 74 - 369 Days Plan K Direct Plan Cumulative	-		150.0	
Nil (Previous Year 15,000,000) Units				
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74-370 Days Plan S Direct Plan Cumulative	-		200.0	
Nil (Previous Year 20,000,000) Units				
ICICI Prudential Mutual Fund - ICICI Prudential FMP Series 74 - 369 Days Plan B Direct Plan Cumulative	-		311.6	
Nil (Previous Year 30,000,000) Units				
Kotak Mutual Fund-Kotak FMP Series 145 Direct-Growth	-		350.0	
Nil (Previous Year 35,000,000) Units				
Kotak Mutual Fund - Kotak FMP Series 155 Direct-Growth	-		250.0	
Nil (Previous Year 25,000,000) Units				
Kotak Mutual Fund - Kotak FMP Series 156 Direct - Growth	-		260.1	
Nil (Previous Year 25,000,000) Units				
Kotak Mutual Fund - Kotak FMP Series 157 Direct - Growth	-		207.8	
Nil (Previous Year 20,000,000) Units				
Kotak Mutual Fund - Kotak FMP Series 158 Direct - Growth	-		207.6	
Nil (Previous Year 20,000,000) Units				
L&T Mutual Fund-L&T FMP Series 10- Plan T - Growth	-		250.0	
Nil (Previous Year 25,000,000) Units				
Reliance Mutual Fund-Reliance Yearly Interval Fund -Series 1-Direct Plan-Growth Plan	250.0		250.0	
22,980,898 (Previous Year 22,980,898) Units				
Reliance Mutual Fund - Reliance Fixed Horizon Fund - XXVI - Series 9 - Direct Plan Growth Plan	-		500.0	
Nil (Previous Year 50,000,000) Units				
Reliance Mutual Fund - Reliance Yearly Interval Fund - Series 6 - Direct Growth Plan	-		500.0	
Nil (Previous Year 45,929,287) Units				
Reliance Mutual Fund - Reliance Fixed Horizon Fund-XXVI-Series-20-Direct Plan-Growth Plan	-		250.0	
Nil (Previous Year 25,000,000) Units				
Reliance Mutual Fund - Reliance Yearly Interval Fund-Series 8-Direct Plan Growth Plan	-		200.0	
Nil (Previous Year 18,423,501) Units				
Reliance Mutual Fund - Reliance Fixed Horizon Fund-XXVI-Series-31-Direct Plan-Growth Plan	-		300.0	
Nil (Previous Year 30,000,000) Units				

SUN PHARMA LABORATORIES LIMITED
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	₹ in Million	₹ in Million	₹ in Million
Reliance Mutual Fund - Reliance Yearly Interval Fund - Series 9 - Direct Plan Growth Plan Nil (Previous Year 18,395,541) Units	-	-	200.0	-
Reliance Mutual Fund - Reliance Fixed Horizon Fund -XXVI-Series 12-Direct Plan Growth Plan Nil (Previous Year 25,000,000) Units	-	-	260.5	-
Religare Invesco Mutual Fund - Religare Invesco FMP-Series.23-Plan O (370 Days) - Direct Plan Growth Nil (Previous Year 20,000,000) Units	-	-	200.0	-
Religare Invesco Mutual Fund.- Religare Invesco FMP-Series 23-Plan H (370 Days)-Direct Plan Growth Nil (Previous Year 10,000,000) Units	-	-	100.0	-
Religare Invesco Mutual Fund - Religare Invesco FMP-Series 23-Plan L (370 Days)-Direct Plan Growth Nil (Previous Year 21,000,000) Units	-	-	210.0	-
Religare Invesco Mutual Fund - Religare Invesco FMP-Series 23-Plan N (367 Days)-Direct Plan Growth Nil (Previous Year 20,000,000) Units	-	-	200.0	-
B) Other Current Investments (at lower of cost and fair value)				
a) In Mutual Funds (Unquoted)				
Units of Face Value of ₹ 100/- each fully paid				
ICICI Prudential Mutual Fund-ICICI Prudential Money Market Fund - Direct Plan - Growth Nil (Previous Year 5,015,403) Units	-	-	970.0	-
Units of Face Value of ₹ 1,000 each				
Axis Mutual Fund - Axis Liquid Fund- Direct Plan Growth-CFDG Nil (Previous Year 483,934) Units	-	-	750.0	-
BNP Paribas Mutual Fund- BNP Paribas Overnight Fund-Direct Plan Growth Option 214,785 (Previous Year 348,489) Units	500.0	-	750.0	-
Baroda Pioneer Mutual Fund -Baroda Pioneer Liquid Fund Plan B-Growth 863,209 (Previous Year 467,631) Units	1,500.0	-	750.0	-
DSP BlackRock Mutual Fund-DSP BlackRock Liquidity Fund-Direct Plan-Growth Nil (Previous Year 249,960) Units	-	-	500.0	-
Indiabulls Mutual Fund-Indiabulls Liquid Fund-Direct Plan Growth 508,251 (Previous Year 367,372) Units	750.0	-	500.0	-
Kotak Mutual Fund-Kotak Liquid Scheme Plan A-Direct Plan-Growth Nil (Previous Year 88,128) Units	-	-	250.0	-
Kotak Mutual Fund-Kotak Floater Short Term - Direct Plan - Growth 334,131 (Previous Year Nil) Units	830.0	-	-	-
Principal Mutual Fund-Principal Cash Management Fund-Direct Plan Growth Nil (Previous Year 735,345) Units	-	-	1,000.0	-
Reliance Mutual Fund-Reliance Liquid Fund - Cash Plan - Direct Growth Plan 716,594 (Previous Year 2,239,411) Units	1,750.0	-	5,042.5	-
SBI Mutual Fund-SBI Magnum Insta Cash Fund - Direct Plan - Growth Nil (Previous Year 323,324) Units	-	-	1,000.0	-
		5,580.0		18,470.1
b) In Commercial Paper (Unquoted)				
Barclays Investment & Loans (India) Ltd- 193D CP 04SP15 Nil (Previous Year 600) Units of ₹ 500,000 each fully paid	-	-	285.7	-
Barclays Investment & Loans (India) Ltd- 90D CP 05MAY16 1000 (Previous Year Nil) Units of ₹ 500,000 each fully paid	488.8	-	-	-
JM Financial Products Ltd- 180D CP 17AG15 Nil (Previous Year 500) Units of ₹ 500,000 each fully paid	-	488.8	238.6	524.3
c) In Debentures (Quoted)				
Housing Development Finance Corporation Ltd - 9.7% Secured Redeemable NCD 23DC18 Nil (Previous Year 250) Debentures of ₹ 1,000,000 each fully paid	-	-	251.4	-

SUN PHARMA LABORATORIES LIMITED
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	₹ in Million	₹ in Million	₹ in Million
IDFC PP 18/2014 -0% IDFC BS 09-04-2015	-	-	742.2	-
Nil (Previous Year 750) Debentures of ₹ 1,000,000 each fully paid	-	-	-	993.6
		<u>6,068.8</u>		<u>19,988.0</u>
AGGREGATE VALUE OF INVESTMENTS	Book Value	Market Value	Book Value	Market Value
Quoted	-	-	993.6	1,039.5
Unquoted	6,068.8	-	18,994.4	-
15 Inventories				
Raw Materials and Packing Materials	2,023.0	-	2,872.2	-
Goods-in-Transit	<u>169.7</u>	<u>2,192.7</u>	<u>6.5</u>	<u>2,878.7</u>
Work-in-Progress - Formulations	-	630.6	-	754.3
Finished Goods - Formulations	-	1,909.9	-	2,555.9
Stock-in-Trade - Formulations	-	<u>708.3</u>	-	<u>96.6</u>
		<u>5,441.5</u>		<u>6,285.5</u>
16 Trade Receivables				
(Unsecured – Considered Good unless stated otherwise)				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered Good	29.8	-	49.9	-
Considered Doubtful	<u>128.4</u>	-	<u>1.7</u>	-
	158.2	-	51.6	-
Less: Provision for Doubtful Trade Receivables	<u>128.4</u>	29.8	<u>1.7</u>	49.9
Other Trade Receivables	-	<u>3,805.8</u>	-	<u>5,325.6</u>
		<u>3,835.6</u>		<u>5,375.5</u>
17 Cash and Cash Equivalents				
Balances that meet the definition of Cash and Cash Equivalents as per AS3, Cash Flow Statements				
Cash on Hand	-	1.3	-	0.7
Balances with Banks				
In Current Accounts	8.7	-	2.8	-
In EEFC Accounts	<u>0.3</u>	-	<u>4.1</u>	-
		<u>9.0</u>		<u>6.9</u>
Other Bank Balances				
In Deposit Accounts (Refer Footnote)	-	60.6	-	86.5
Footnote		<u>70.9</u>		<u>94.1</u>
Other Bank Balances include Deposits amounting to ₹ 5.0 Million (Previous Year Nil) which have an Original Maturity of more than 12 Months.				
18 Short-term Loans and Advances				
(Unsecured – Considered good unless stated otherwise)				
Loans and Advances to Employees / Other parties (*)				
Secured	400.0	-	1,150.0	-
Unsecured	<u>9,926.5</u>	-	<u>6,360.3</u>	-
Loans to Related Party	8,020.0	-	-	-
Prepaid Expenses	8.4	-	13.4	-
Balances with Government Authorities	1,033.8	-	1,117.1	-
Advances for Supply of Goods and Services	263.8	-	256.7	-
Receivable on Account of Assets given under Finance Lease [(Refer Notes 41(c) and 44)]	-	<u>10.6</u>	-	<u>10.0</u>
		<u>19,663.1</u>		<u>8,907.5</u>
(*) includes loans granted to various entities for the purpose of their business				
19 Other Current Assets				
(Unsecured – Considered Good)				
Interest Accrued on Investment	-	-	14.9	-
Export Incentives receivable	1.2	-	-	-
Insurance Claim	<u>13.6</u>	-	<u>8.7</u>	-
	<u>14.8</u>	-	<u>23.6</u>	-

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March, 2016		Year ended 31st March, 2015	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
20 Revenue from Operations				
Salé of Products		47,676.4		43,044.5
Other Operating Revenues		-		(0.1)
Share of Income / (Loss) from Limited Liability Partnership		156.7		154.5
Others				
		<u>47,833.1</u>		<u>43,198.9</u>
21 Other Income				
Interest Income on:				
Deposits with Banks	3.5		14.0	
Loans and Advances	1,907.1		545.3	
Current Investments	53.3		5.4	
Long-term Investments	54.8		67.7	
Fixed Assets Given Under Finance Lease	37.2		31.6	
Others	108.3	2,164.2	316.0	980.0
Net Gain on Sale of :				
Current Investments	677.4		344.9	
Long-term Investments	509.9	1,187.3	736.9	1,081.8
Insurance Claims		165.0		8.1
Lease Rental and Hire Charges		5.0		2.0
Others		2.1		0.7
		<u>3,523.6</u>		<u>2,072.6</u>
22 Cost of Materials Consumed				
Raw and Packing Materials				
Inventories at the beginning of the year		2,878.7		2,651.1
Purchases during the year		7,554.0		9,865.9
Inventory transfer on slump sale		-		(757.7)
Inventories at the end of the year		(2,192.7)		(2,878.7)
		<u>8,240.0</u>		<u>8,880.6</u>
23 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade				
Inventories at the beginning of the year		3,406.8		2,515.3
Inventory transfer on slump sale		-		(145.8)
Inventories at the end of the year		(3,248.8)		(3,406.8)
		<u>158.0</u>		<u>(1,037.3)</u>
24 Finance Costs				
Interest Expense on				
Borrowings	217.7		1.0	
Others	4.2		6.8	
		<u>221.9</u>		<u>7.8</u>
25 Employee Benefits Expense				
Salaries and Wages		3,883.1		3,338.1
Contribution to Provident and Other Funds		315.4		284.2
Staff Welfare Expenses		367.1		296.5
		<u>4,565.6</u>		<u>3,918.8</u>

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March, 2016		Year ended 31st March, 2015	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
26 Other Expenses				
Consumption of Materials, Stores and Spare Parts		193.0		201.1
Conversion and Other Manufacturing Charges		653.6		681.5
Power and Fuel		217.4		230.7
Rent [(Refer note 41(b))]		42.2		44.2
Rates and Taxes		22.5		3.7
Insurance		40.3		44.2
Selling and Distribution		3,908.4		3,665.4
Commission and Discount		40.7		46.2
Overseas Travel, Freight and Clearing Expenses		42.9		29.7
Repairs				
Buildings	25.1		21.3	
Machinery	60.0		75.9	
Others	62.2	147.3	39.4	136.6
Printing and Stationery		19.6		19.0
Travelling and Conveyance		303.1		251.0
Communication		38.9		35.3
Net Loss on Foreign Currency Transaction and Translations		31.0		1.4
Provision for Doubtful Trade Receivables				
Provision for Doubtful Trade Receivables	126.7		1.6	
Sundry Balances / Trade Receivables written off (Net)	-		3.1	
Less: Adjusted out of Provision of earlier year	-	126.7	0.5	4.2
Professional and Consultancy		370.6		1,316.8
Provision for other-than-temporary diminution in value of non-current investment		-		2,420.2
Loss on Sale of Long Term Investment in a Limited Liability Partnership				
Loss on Sale of Investment in Subsidiary	2,636.9		-	
Less : Provision for diminution in value of Long Term investment	2,420.2	216.7	-	-
Donation		13.8		48.5
Loss on Sale of Fixed Assets (Net)		1.6		150.4
Increase / (Decrease) of Excise Duty on Inventory		(23.0)		25.4
Payments to Auditors (Net of Service Tax)				
For Auditor	2.8		1.5	
For Other Services	1.4		-	
Reimbursement of Expenses	0.2	4.4	0.2	1.7
Miscellaneous Expenses (Refer Note 48)		670.9		414.1
		<u>7,082.6</u>		<u>9,771.3</u>

27 SIGNIFICANT ACCOUNTING POLICIES

I Basis of Accounting

These financial statements are prepared 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 amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

III Fixed Assets and Depreciation / Amortisation

Fixed Assets including intangible assets are stated at historical cost (net of cenvat credit) less accumulated depreciation/amortisation thereon and impairment losses, if any. Depreciation on tangible assets is provided on straight line method 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 those taken over from holding company under the scheme of arrangement at fair value) are amortised on straight line method from the date they are available for use, over the useful lives of the assets (5/12 years), as estimated by the Management. Leasehold land is amortised over the period of lease.

IV Leases

Lease rental for fixed assets taken on operating lease are charged to the Statement of Profit and Loss in accordance with Accounting Standard 19 - Leases. 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.

V Revenue Recognition

Sale of products is recognised when risks and rewards of ownership of the products are passed on to the customers, which is generally on despatch of products. Export sales are recognised on the basis of Bill of lading / Airway bill. Sales includes delayed payment charges and are stated net of returns including provision made on account of estimated breakages and expiry date based on past experience, applicable discounts and VAT / Sales Tax, if any.

VI Investments

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

VII Inventories

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

VIII Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of forward exchange contracts, which relate 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. Non monetary items are carried at historical cost.

IX Taxes on Income

Provision for tax comprises Current Tax and Deferred Tax. Current Tax provision has been made considering the reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted in accordance with Accounting Standard 22 (AS-22) "Accounting for taxes on income", 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 difference 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 under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance sheet date.

X Employee Benefits

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

XI 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.

XII 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.

XIII Impairment of Assets

The Company assesses, at each Balance Sheet date, whether there is any indication that an asset may be impaired. Intangible assets that are amortised over a period exceeding ten years from the date when the asset is available for use are tested for impairment each financial year even if there is no indication 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.

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

XIV 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 classification of its assets and liabilities as current and non-current.

XV Government Grants / Subsidy

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

	As at 31st March, 2016 ₹ in Million	As at 31st March, 2015 ₹ in Million
28 A Contingent Liabilities and commitments (to the extent not provided for)		
I Contingent Liabilities		
Appeals filed with respect to Income Tax matters	11,888.9	15,619.0
Excise Duty	1,009.2	459.8
Environment Cess	23.3	23.3
Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums/authorities.		
II Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	913.5	1,035.5
B Guarantees Given by the bankers on behalf of the Company (Refer Note 45)	92.1	95.6
C Letters of Credit for imports	1,065.9	382.6

29 Disclosures relating to Share Capital

i Rights, Preferences and Restrictions attached to Shares and repayment terms of capital

The Company has two classes of shares referred to as equity shares having a par value of ₹ 10 per share and 10% Non-Convertible, Non-Cumulative Redeemable Preference Shares of having par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. Holder of Preference shares are not entitled to any voting rights but enjoy preferential rights in respect of payments of dividend, if any, and repayment of capital, if any. The Preference Shares shall be redeemed at par, at the end of five years from the date of allotment.

ii Shares held by each shareholder holding more than 5 percent shares 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
Equity Shareholders				
Sun Pharmaceutical Industries Limited (Holding Company)	50,000	100.0	50,000	100.0
10% Non-Convertible, Non-Cumulative Redeemable Preference Shares				
Sun Pharmaceutical Industries Limited (Holding Company)	4,000,000	100.0	4,000,000	100.0

iii Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	₹ in Million	Number of Shares	₹ in Million
Equity Shares of ₹ 10 each				
Opening Balance carried over as closing balance	50,000	0.5	50,000	0.5
10% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 100 each				
Opening Balance carried over as closing balance	4,000,000	400.0	4,000,000	400.0

30 Information relating to Consumption of Materials

	Year ended 31st March, 2016 ₹ in Million		Year ended 31st March, 2015 ₹ in Million	
Raw and Packing Materials				
Raw Materials	7,407.7		8,106.3	
Packing Materials	832.3		774.3	
Total	<u>8,240.0</u>		<u>8,880.6</u>	
None of the items individually account for more than 10% of total consumption.				

	%		%	
Imported and Indigenous				
Raw and Packing Materials				
Imported	7.58	624.9	9.21	818.3
Indigenous	92.42	7,615.1	90.79	8,062.3
Total	<u>100.00</u>	<u>8,240.0</u>	<u>100.00</u>	<u>8,880.6</u>
Stores and Spare Parts and Other Materials				
Imported	6.01	11.6	3.73	7.5
Indigenous	93.99	181.4	96.27	193.6
Total	<u>100.00</u>	<u>193.0</u>	<u>100.00</u>	<u>201.1</u>

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March, 2016 ₹ in Million	Year ended 31st March, 2015 ₹ in Million
31 Information relating to Purchases of Stock-in-Trade		
Formulations	<u>5,757.6</u>	<u>4,770.7</u>
	<u>5,757.6</u>	<u>4,770.7</u>
32 Information relating to Sale of Products		
Formulations	47,643.1	43,008.9
Others	<u>33.3</u>	<u>35.6</u>
	<u>47,676.4</u>	<u>43,044.5</u>
33 Income / Expenditure in Foreign Currency		
Income		
Exports (FOB basis)	-	126.6
Others	0.2	38.2
Expenditure		
Raw Materials (CIF basis)	611.3	697.5
Packing Materials (CIF basis)	61.2	35.2
Capital Goods (CIF basis)	336.4	376.6
Spares and Components (CIF basis)	3.7	7.3
Professional Charges	816.9	41.4
Overseas Travel	99.5	119.6
Others	63.1	71.0
34	The net Exchange Loss of ₹ 70.4 Million (Previous Year Gain (net) ₹ 12.5 Million) is included under Revenue from Operations, Other Expenses and Cost of Materials consumed in the Statement of Profit and Loss, as applicable.	
35 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:		
a	An amount of ₹ 24.0 Million (Previous Year ₹ 15.6 Million) and ₹ Nil (Previous Year ₹ Nil) was due and outstanding to suppliers as at the end of the accounting period on account of Principal and interest respectively.	
b	No interest was paid during the period.	
c	No interest is payable at the end of the period under Micro, Small and Medium Enterprises Development Act, 2006.	
d	No amount of interest was accrued and unpaid at the end of the accounting period.	
	The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.	
36 Related Party Disclosure (AS-18) - as per Annexure 'A'		
37 Accounting Standard (AS-20) on Earnings Per Share	Year ended 31st March, 2016 ₹ in Million	Year ended 31st March, 2015 ₹ in Million
Numerator used for calculating Profit / (Loss) for the year	6,704.9	(227.0)
Less: Preference Dividend and Dividend tax	<u>48.1</u>	<u>-</u>
Profit / (Loss) for the year attributable to Equity Shareholders	6,656.8	(227.0)
Weighted Average number of Shares used in computing basic and diluted earnings per share	50,000	50,000
Nominal Value Per Share (in ₹)	10.0	10.0
Basic and Diluted Earnings Per Share (in ₹)	133,136	(4,540)
38 Accounting Standard (AS-17) on Segment Reporting		
a Primary Segment		
	The Company has identified "Pharmaceuticals" as the only primary reportable business segment.	
b Secondary Segment (by Geographical Segment)		
India	47,676.4	42,915.5
Outside India	<u>-</u>	<u>129.0</u>
Sale of Products	<u>47,676.4</u>	<u>43,044.5</u>
	In view of the interwoven/intermix nature of the business and manufacturing facility, other segmental information is not ascertainable.	
39 Taxation:		
	Current Tax has been provided taking into account the deduction / exemption available and proposed to be claimed by the Company based on the management's view.	

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

40 Accounting Standard (AS-15) on Employee benefits

Contributions are made to Regional Provident Fund, Family Pension Fund, ESIC and other Statutory Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 142.1 Million (Previous Year ₹ 121.5 Million).

	Year ended 31st March, 2016 ₹ in Million	Year ended 31st March, 2015 ₹ in Million
Contribution to Provident Fund	138.6	117.8
Contribution to Employees State Insurance Scheme (ESIC) and Employees Deposit Linked Insurance (EDLI)	3.5	3.7
Contribution to Labour Welfare Fund ₹ 22,356 (Previous Year ₹ 45,198)	0.0	0.0

In respect of Gratuity, Contributions are made to LIC's Recognised Group Gratuity Fund Scheme. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Actuarial Valuation for Compensated Absences is done as at the year end and provision is made as per the Company rules with corresponding charge to the Statement of Profit and Loss amounting to ₹ 151.4 Million (Previous Year ₹ 108.6 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.

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

In respect of gratuity (funded):	Year ended 31st March, 2016 ₹ in Million	Year ended 31st March, 2015 ₹ in Million
Reconciliation of liability / (asset) recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	539.4	363.1
Fair value of plan assets	(403.2)	(298.3)
Net liability / (asset) in the Balance sheet	136.2	64.8
Movement in net liability / (asset) recognised in the Balance sheet		
Net liability / (asset) as at the beginning of the year	64.8	(56.9)
Net liability transferred	-	(16.0)
Net expense recognised in the Statement of Profit and Loss	172.3	160.8
Contribution during the year	(100.9)	(23.1)
Net liability / (asset) in the Balance sheet	136.2	64.8
Expense recognised in the Statement of Profit and Loss		
Current service cost	45.4	24.7
Interest cost	28.8	19.5
Expected return on plan assets	(23.7)	(24.8)
Actuarial (gain) / loss	121.8	141.4
Expense recognised in the Statement of Profit and Loss	172.3	160.8
Return on plan assets		
Expected return on plan assets	23.7	24.8
Actuarial gain / (loss)	1.8	(0.3)
Actual return on plan assets	25.5	24.5
Reconciliation of defined-benefit commitments		
Commitments as at the beginning of the year	363.1	209.6
Commitments transferred	-	(16.0)
Current service cost	45.4	24.7
Interest cost	28.8	19.5
Paid benefits	(21.5)	(15.8)
Actuarial (gain) / loss	123.6	141.1
Commitments as at the year end	539.4	363.1
Reconciliation of plan assets		
Plan assets as at the beginning of the year	298.3	266.5
Expected return on plan assets	23.7	24.8
Contributions during the year	100.9	23.1
Paid benefits	(21.5)	(15.8)
Actuarial gain / (loss)	1.8	(0.3)
Plan assets as at the year end	403.2	298.3

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

Discount rate	7.56%	7.94%
Expected return on plan assets	7.56%	7.94%
Expected rate of salary increase	10.00%	8.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	

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 Year ended 31st March, 2016	₹ in Million Year ended 31st March, 2015	₹ in Million Year ended 31st March, 2014
Experience adjustment gain / (loss)			
On plan liabilities	34.0	37.2	10.5
On plan assets	1.8	(0.3)	4.3
Present value of benefit obligation	539.4	363.1	209.6
Fair value of plan assets	(403.2)	(298.3)	(266.5)
Excess of obligation over plan assets	136.2	64.8	(56.9)

The contribution expected to be made by the Company during financial year ending on 31st March, 2017 is ₹ 98.9 Million (Previous Year ₹ 82.8 Million).

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

41 Accounting Standard (AS-19) on Leases

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

The Company has entered into finance lease arrangements for giving certain equipments on lease.

Future minimum lease payments and reconciliation of gross investment in the lease and present value of minimum lease payments:

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
	₹ in Million		₹ in Million	
Future minimum lease payments				
not later than one year		46.8		47.3
later than one year and not later than five years		165.8		171.1
later than five years		716.3		757.7
		<u>928.9</u>		<u>976.1</u>
Less: Unearned finance income		539.6		576.8
Present value of minimum lease payments receivable		<u>389.3</u>		<u>399.3</u>
not later than one year		10.6		10.0
later than one year and not later than five years		28.3		30.9
later than five years		350.4		358.4

- 42 Intangible assets of the Domestic Formulation undertaking transferred to the Company on and with effect from the close of business hours on 31st March, 2012, pursuant to the scheme of arrangement approved by the Hon'ble High Courts, in the nature of spin off and transfer of the said undertaking without consideration by Sun Pharmaceutical Industries Limited, the Holding Company, were accounted at Fair Value on the basis of an Independent Professional Valuer's report (Refer Note 10B). The carrying value and remaining amortisation period of such assets is ₹ 121,918.0 Million (Previous Year ₹ 137,157.8 Million) and 8 years (Previous Year 9 years) respectively. These intangibles are available to the Company in perpetuity. The amortisation of intangible assets over 12 years 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.

- 43 As per the best estimate of the management, provision has been made towards product returns for breakages and expiry, consultancy charges and others as per Accounting Standard (AS) 29 on Provisions, Contingent Liabilities and Contingent Assets.

Particulars	Year ended 31st March, 2016		Year ended 31st March, 2015	
	₹ in Million		₹ in Million	
Opening balance		2,067.6		1,368.4
Add: Provision for the year		854.6		1,426.8
Less: Utilisation / Settlement		1,317.3		727.6
Closing balance		<u>1,604.9</u>		<u>2,067.6</u>

- 44 Receivable on Account of Assets given Under Finance Lease are receivable from a Private Company in which Directors of the Company are Directors.

- 45 Deposits with banks are pledged with banks against Bank Guarantees.

- 46 With regard to tangible assets, the Company had adopted the 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. Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated 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, and had adjusted an amount of ₹ Nil (Previous Year ₹ 86.7 Million) in the Statement of Profit and Loss.

- 47 ₹ 10,000.0 Million (Previous Year ₹ Nil) Rated unsecured listed redeemable non-convertible debentures at a coupon rate of 7.94% p.a. were issued by the Company on 23rd December, 2015. Following are the details:

Particulars	Face Value (₹)	Redemption Amount (₹ in Million)	Date of Redemption
Rated Unsecured Listed Redeemable 5,000 Non-Convertible Debentures Series 2	1,000,000	5,000.0	23rd March, 2019
Rated Unsecured Listed Redeemable 5,000 Non-Convertible Debentures Series 1	1,000,000	5,000.0	22nd December, 2017

- 48 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹ 54.5 Million (Previous Year ₹ 27.6 Million).

- 49 Company has not entered into any derivative instrument.

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

a	Currency	As at 31st March, 2016		As at 31st March, 2015	
		Amount in Million		Amount in Million	
Amounts Receivable in foreign currency on account of :					
Export of Goods	USD	-	-	\$0.7	₹ 41.7
b					
Amounts payable in foreign currency on account of the following :					
Imports of Goods and Services	USD	\$2.3	₹ 151.5	\$5.8	₹ 364.4
	Euro	€ 0.4	₹ 30.8	€ 0.1	₹ 3.5
	Great Britain				
(₹ 43,081)	Pound	£0.0	₹ 4.1	-	-

- 50 Previous years' figures are regrouped / reclassified wherever necessary to correspond to current years' figures.

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURES "

ANNEXURE 'A'

Names of related parties and description of relationship

Key Management Personnel

Mr. Abhay A Gandhi

Wholly Owned Subsidiary

Universal Enterprises Private Limited

Holding Company

Sun Pharmaceutical Industries Limited

Fellow Subsidiaries with whom there are transactions

Sun Pharmaceutical Industries Inc.

Sun Pharma Global (FZE)

Aditya Acquisition Company Limited

Neetnav Real Estate Private Limited

Taro Pharmaceutical Industries Limited

Controlled Entity

Silverstreet Developers LLP (Refer Footnote)

Enterprise under Significant Influence of Key Management Personnel of Holding Company

Sun Pharma Advanced Research Company Limited

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURE "

ANNEXURE 'A'

Particulars	₹ in Million													
	Key Management Personnel		Wholly Owned Subsidiary		Holding Company		Fellow Subsidiaries		Enterprise under significant Influence of Key Management Personnel of Holding Company		Controlled Entity		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
Purchase of Goods	-	-	-	-	2,632.2	3,891.9	-	-	-	0.0	-	-	2,632.2	3,891.9
Sun Pharmaceutical Industries Limited	-	-	-	-	2,632.2	3,891.9	-	-	-	-	-	-	2,632.2	3,891.9
Others (Previous Year ₹ 3,196)	-	-	-	-	-	-	-	0.0	-	0.0	-	-	-	0.0
Purchase of Fixed Assets	-	-	-	-	65.8	13.7	-	1,773.8	-	-	-	-	65.8	1,787.5
Sun Pharmaceutical Industries Limited	-	-	-	-	65.8	13.7	-	-	-	-	-	-	65.8	13.7
Neetnav Real Estate Private Limited (Refer Footnote no.(ii) in Note 10)	-	-	-	-	-	-	-	1,773.8	-	-	-	-	-	1,773.8
Receiving of Services	-	-	-	-	424.0	399.6	27.5	40.5	235.7	183.3	-	-	687.2	623.4
Services	-	-	-	-	424.0	399.6	-	-	-	-	-	-	424.0	399.6
Sun Pharmaceutical Industries Limited	-	-	-	-	424.0	399.6	-	-	-	-	-	-	424.0	399.6
Sun Pharma Advanced Research Company Limited	-	-	-	-	-	-	-	-	235.7	183.3	-	-	235.7	183.3
Others	-	-	-	-	-	-	27.5	40.5	-	-	-	-	27.5	40.5
Reimbursement of Expenses	-	-	-	-	3.6	475.8	57.6	15.3	-	-	-	-	61.2	491.1
Neetnav Real Estate Private Limited	-	-	-	-	-	-	55.0	11.3	-	-	-	-	55.0	11.3
Sun Pharmaceutical Industries Limited	-	-	-	-	3.6	475.8	-	-	-	-	-	-	3.6	475.8
Others	-	-	-	-	-	-	2.6	4.0	-	-	-	-	2.6	4.0

SUN PHARMA LABORATORIES LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
 ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURE "

ANNEXURE 'A'

₹ in Million

Particulars	Key Management Personnel		Wholly Owned Subsidiary		Holding Company		Fellow Subsidiaries		Enterprise under significant Influence of Key Management Personnel of Holding Company		Controlled Entity		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
Sale of Goods	-	-	-	-	689.5	468.4	-	126.8	0.0	0.0	-	-	689.5	595.2
Sun Pharmaceutical Industries Limited	-	-	-	-	689.5	468.4	-	-	-	-	-	-	689.5	468.4
Sun Pharmaceutical Industries Inc	-	-	-	-	-	-	-	126.8	-	-	-	-	-	126.8
Others (₹ 15,238 [Previous Year ₹ 24,320])	-	-	-	-	-	-	-	-	0.0	0.0	-	-	0.0	0.0
Share of Loss from Partnership Firms	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1
Silverstreet Developers LLP	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1
Sale of Fixed Assets	-	-	-	-	0.5	-	-	-	-	-	-	-	0.5	-
Sun Pharmaceutical Industries Limited	-	-	-	-	0.5	-	-	-	-	-	-	-	0.5	-
Sale of Undertaking	-	-	-	-	-	980.0	-	-	-	-	-	-	-	980.0
Sun Pharmaceutical Industries Limited	-	-	-	-	-	980.0	-	-	-	-	-	-	-	980.0
Provision for diminution in value of Long Term investment	-	-	-	-	-	-	-	-	-	-	-	2,420.4	-	2,420.4
Silverstreet Developers LLP	-	-	-	-	-	-	-	-	-	-	-	2,420.4	-	2,420.4
Purchase of Investment in Sun Pharma Holding	-	-	-	-	37,994.6	-	-	-	-	-	-	-	37,994.6	-
Sun Pharmaceutical Industries Limited	-	-	-	-	37,994.6	-	-	-	-	-	-	-	37,994.6	-
Finance (including loans, investment and equity contributions) Capital Contribution	-	-	-	-	-	-	-	-	-	-	217.2	-	217.2	-
Silverstreet Developers LLP	-	-	-	-	-	-	-	-	-	-	217.2	-	217.2	-
Loans given	-	-	-	-	35,480.0	-	-	-	-	-	-	-	35,480.0	-
Sun Pharmaceutical Industries Limited	-	-	-	-	35,480.0	-	-	-	-	-	-	-	35,480.0	-
Loans received back	-	-	-	-	27,480.0	-	-	-	-	-	-	-	27,480.0	-
Sun Pharmaceutical Industries Limited	-	-	-	-	27,480.0	-	-	-	-	-	-	-	27,480.0	-
Interest Income	-	-	-	-	1,187.9	-	-	-	-	-	-	-	1,187.9	-
Sun Pharmaceutical Industries Limited	-	-	-	-	1,187.9	-	-	-	-	-	-	-	1,187.9	-
Rendering of Services	-	-	-	-	104.8	99.2	-	38.2	-	-	-	-	104.8	137.4
Sun Pharmaceutical Industries Limited	-	-	-	-	104.8	99.2	-	-	-	-	-	-	104.8	99.2
Sun Pharma Global (FZE)	-	-	-	-	-	-	-	38.2	-	-	-	-	-	38.2

SUN PHARMA LABORATORIES LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
 ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURE "

ANNEXURE 'A'

Particulars	₹ in Million													
	Key Management Personnel		Wholly Owned Subsidiary		Holding Company		Fellow Subsidiaries		Enterprise under significant influence of Key Management Personnel of Holding Company		Controlled Entity		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
Rent Paid	-	-	0.3	0.3	23.8	18.9	0.6	0.4	-	-	-	-	24.7	19.6
Sun Pharmaceutical Industries Limited	-	-	-	-	23.8	18.9	-	-	-	-	-	-	23.8	18.9
Others	-	-	0.3	0.3	-	-	0.6	0.4	-	-	-	-	0.9	0.7
Interest Expense	-	-	-	-	-	-	1.0	5.0	-	-	-	-	1.0	5.0
Neetnav Real Estate Private Limited	-	-	-	-	-	-	1.0	5.0	-	-	-	-	1.0	5.0
Deposit Given	-	-	-	-	-	-	-	87.5	-	-	-	-	-	87.5
Neetnav Real Estate Private Limited	-	-	-	-	-	-	-	87.5	-	-	-	-	-	87.5
Director's Remuneration	43.4	33.6	-	-	-	-	-	-	-	-	-	-	43.4	33.6
Mr. Abhay A Gandhi	43.4	33.6	-	-	-	-	-	-	-	-	-	-	43.4	33.6
Outstanding Balance Receivable / (Payable)	(6.1)	(6.3)	(4.9)	(4.9)	7,766.7	(390.6)	97.2	(6.1)	-	(31.5)	-	-	7,852.9	(439.4)
Sun Pharmaceutical Industries Limited	-	-	-	-	7,766.7	(390.6)	-	-	-	-	-	-	7,766.7	(390.6)
Others	(6.1)	(6.3)	(4.9)	(4.9)	-	-	97.2	(6.1)	-	(31.5)	-	-	86.2	(48.8)

Footnote

During the year, the Company has sold its investment in Silverstreet Developers LLP with effect from 1st April, 2015.

ROUTE MAP

