Independent Auditor's Report

To the Members of Sun Pharmaceutical Industries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sun Pharmaceutical Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 26, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

Independent Auditor's Report

To the Members of Sun Pharmaceutical Industries Limited

2. 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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (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 standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements;

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

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except a sum of ₹ 16.9 Million, which is held in abeyance due to pending legal cases.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **PAUL ALVARES**
Partner
Membership No.: 105754

Place: Mumbai
Date: May 25, 2018

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT OF EVEN DATE

Re: Sun Pharmaceutical Industries Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company, except for the following immovable properties for which registration of title deeds is in process:

Particulars of Freehold Land and building	Gross Block (₹ in millions)	Net Block (₹ in millions)	Remarks
Freehold Land located in Himachal Pradesh	76.3	76.3	The title deeds are in the name of Ranbaxy Laboratories Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Courts of Gujarat and of Punjab and Haryana.
Freehold Land located in Punjab	27.2	27.2	
Freehold Land located in Haryana	109.0	109.0	
Freehold Land located in Madhya Pradesh	5.8	5.8	
Freehold Land located in Karnataka	28.3	28.3	
Freehold Land located in Punjab	2.5	2.5	The title of this land is under dispute in respect of which we have been informed by the Management of the Company that they have filed a Special Leave Petition with the Honourable Supreme Court against the order passed by the Honourable High Court of Punjab and Haryana and the matter is under adjudication.
Freehold Land located in Chennai	11.3	7.7	The titles are in the name of Tamilnadu Dadha Pharmaceuticals Limited / Pradeep Drug Company Limited, erstwhile companies that were merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Courts of Gujarat and of Tamilnadu / order of the New Delhi Bench of Board of Industrial and Financial Reconstruction respectively.
Land and Building situated at Village Bhatauli Kalan, PO Barotiwala, Nalagarh, District Solan (HP)	122.7	86.2	The title deeds are in the name of Solrex Pharmaceuticals, erstwhile Partnership firm that was merged with the Company under Sections 230 to 232 of the Companies Act, 2013.
Land and Building situated at Vill. Bhatauli Kalan, PO Barotiwala , Nalagarh, District Solan (HP)			

In respect of building where the Company is entitled to the right of occupancy and use and disclosed as property, plant and equipment in the standalone Ind AS 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.

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT OF EVEN DATE

Re: Sun Pharmaceutical Industries Limited ('the Company')

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

Particulars of Leasehold Land	Cost or deemed cost as at 31st March 2018 (₹ in millions)	Carrying amount as at 31st March 2018 (₹ in millions)	Remarks
Located In Maharashtra	17.4	17.1	The lease agreements are in the name of Crosslands Research Laboratories Limited which was merged with Ranbaxy Laboratories Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Courts of Gujarat and of Punjab and Haryana.
Located in Goa	2.7	2.6	
Located in Punjab.	213.2	205.9	The lease agreements are in the name of Ranbaxy Laboratories Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Courts of Gujarat and of Punjab and Haryana.
Located in Madhya Pradesh.	222.4	215.5	
Located in Gujarat	0.7	0.3	The lease agreements are in the name of Gujarat Lyca Limited, erstwhile company that was merged with the Company under Sections 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Courts of Gujarat.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to one Company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

(b) The Company has granted loans that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

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

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of pharmaceutical products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT OF EVEN DATE

Re: Sun Pharmaceutical Industries Limited ('the Company')

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount* (₹ in Million)
Income Tax Act, 1961	Income Tax, Interest and penalty	Income Tax Appellate Tribunal (ITAT)	1995-96, 2007-08, 2009-10 to 2011-12	20,308.4
		Commissioner (Appeals)	2003-04, 2013-14, 2014-15	10,517.1
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Assistant / Additional /Senior Joint Commissioner	1999-00, 2000-01, 2003-04, 2004-05 & 2013-14 to 2015-16	31.8
		Appellate Authority	1998-99, 2008-09, 2014-15 & 2015-16	14.9
		Tribunal	1998-99 to 2003-04, 2008-09 & 2009-10	5.7
		High Court	1999-00 to 2010-11	53.2
The Central Excise Act, 1944	Service Tax	Assistant / Additional /Senior Joint Commissioner	2006-07 to 2015-16	46.6
		Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi	2012-13 to 2014-15	3.1
Customs Act, 1962	Customs Duty, Penalty and Interest	Commissioner (Appeals)	2008-09 to 2012-13 & 2014-15	21.6
		CESTAT	2010-11, 2011-12 & 2012-13	116.0
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	CESTAT	2003-04 to 2015-16	1,162.4
		Commissioner (Appeals)	2003-04 to 2016-17	80.8
		High Court	2003-04 to 2005-06 & 2008-09 to 2013-14	63.2

* Net of amount paid / adjusted under protest. Amount included herein includes interest till the date of the order.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government. The Company did not have any outstanding dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilised the monies raised by way term loans for the purposes for which they were raised. The Company has not raised any money way of initial public offer / further public offer / debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **PAUL ALVARES**
Partner
Membership No.: 105754

Place: Mumbai
Date: May 25, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

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

We have audited the internal financial controls over financial reporting of Sun Pharmaceutical Industries Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls over Financial Reporting with Reference to these Financial Statements

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

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

Inherent Limitations of Internal Financial Controls over Financial Reporting with Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2018, 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 **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **PAUL ALVARES**
Partner
Membership No.: 105754

Place: Mumbai
Date: May 25, 2018

Standalone Balance Sheet

as at March 31, 2018

₹ in Million

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	**43,756.5**	38,693.5
(b) Capital work-in-progress		**8,303.9**	10,551.1
(c) Goodwill	4	**1,208.0**	1,208.0
(d) Other intangible assets	4	**620.8**	484.8
(e) Intangible assets under development		**437.4**	453.9
(f) Investments in the nature of equity in subsidiaries	5	**182,225.7**	191,865.1
(g) Investments in the nature of equity in associates	6	**-**	-
(h) Financial assets			
(i) Investments	7	**879.3**	1,067.8
(ii) Loans	8	**34.2**	48.7
(iii) Other financial assets	9	**489.7**	990.6
(i) Deferred tax assets (Net)	10	**7,517.0**	7,490.6
(j) Income tax assets (Net)	11	**20,742.4**	17,848.7
(k) Other non-current assets	12	**3,953.6**	4,108.0
Total non-current assets		**270,168.5**	**274,810.8**
(2) Current assets			
(a) Inventories	13	**21,356.4**	23,082.8
(b) Financial assets			
(i) Investments	14	**447.6**	400.1
(ii) Trade receivables	15	**28,469.6**	27,147.0
(iii) Cash and cash equivalents	16	**1,094.3**	1,533.3
(iv) Bank balances other than (iii) above	17	**458.4**	169.5
(v) Loans	18	**520.5**	138.5
(vi) Other financial assets	19	**882.9**	672.5
(c) Other current assets	20	**15,845.5**	10,738.2
Total current assets		**69,075.2**	**63,881.9**
TOTAL ASSETS		**339,243.7**	**338,692.7**

Standalone Balance Sheet

as at March 31, 2018

₹ in Million

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	21	**2,399.3**	2,399.3
(b) Other equity	22	**195,301.7**	207,725.4
Total equity		**197,701.0**	**210,124.7**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	**15,646.9**	7,606.4
(ii) Other financial liabilities	24	**9.1**	6.8
(b) Provisions	25	**3,451.8**	11,328.3
Total non-current liabilities		**19,107.8**	**18,941.5**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	**52,138.1**	40,540.4
(ii) Trade payables	27	**24,899.4**	20,726.0
(iii) Other financial liabilities	28	**18,567.4**	28,145.1
(b) Other current liabilities	29	**2,575.1**	1,740.7
(c) Provisions	30	**24,254.9**	18,474.3
Total current liabilities		**122,434.9**	**109,626.5**
Total liabilities		**141,542.7**	**128,568.0**
TOTAL EQUITY AND LIABILITIES		**339,243.7**	**338,692.7**

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

per PAUL ALVARES
Partner
Membership No. : 105754
Mumbai, May 25, 2018

C. S. MURALIDHARAN
Chief Financial Officer

SUNIL R. AJMERA
Company Secretary

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

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director
Mumbai, May 25, 2018

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

₹ in Million

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
(I) Revenue from operations	31	**79,476.0**	77,932.0
(II) Other income	32	**11,280.4**	5,150.8
(III) Total income (I + II)		**90,756.4**	**83,082.8**
(IV) Expenses			
Cost of materials consumed	33	**21,675.2**	22,284.5
Purchases of stock-in-trade		**11,659.9**	12,365.0
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	**1,592.6**	(1,678.6)
Employee benefits expense	35	**16,176.9**	14,998.8
Finance costs	36	**3,883.1**	2,235.7
Depreciation and amortisation expense	3 & 4	**4,322.3**	4,222.8
Other expenses	37	**27,141.2**	28,822.6
Total expenses (IV)		**86,451.2**	**83,250.8**
(V) Profit / (loss) before exceptional item and tax (III - IV)		**4,305.2**	**(168.0)**
(VI) Exceptional item	56 (3)	**9,505.0**	-
(VII) Loss before tax (V - VI)		**(5,199.8)**	**(168.0)**
(VIII) Tax expense	39		
Current tax		**20.2**	57.7
Deferred tax		**(274.1)**	2.7
Total tax expense (VIII)		**(253.9)**	**60.4**
(IX) Loss for the year (VII - VIII)		**(4,945.9)**	**(228.4)**
(X) Other comprehensive income			
A) Items that will not be reclassified to the statement of profit or loss			
a. Remeasurements of the defined benefit plans		**664.3**	(600.8)
Income tax on above		**(229.9)**	-
b. Equity instruments through other comprehensive income		**67.2**	(7.1)
Income tax on above		**(23.2)**	-
Total - (A)		**478.4**	**(607.9)**
B) Items that may be reclassified to the statement of profit or loss			
a. Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		**26.6**	(26.6)
b. Debt instruments through other comprehensive income		**(15.5)**	-
Income tax on above		**5.4**	-
Total - (B)		**16.5**	**(26.6)**
Total other comprehensive income (A+B) (X)		**494.9**	**(634.5)**
(XI) Total comprehensive loss for the year (IX+X)		**(4,451.0)**	**(862.9)**
Earnings per equity share (face value per equity share - ₹ 1)	47		
Basic (in ₹)		**(2.1)**	(0.1)
Diluted (in ₹)		**(2.1)**	(0.1)

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

per **PAUL ALVARES**
Partner
Membership No. : 105754
Mumbai, May 25, 2018

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

DILIP S. SHANGHVI
Managing Director

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 25, 2018

Standalone Statement of Changes in Equity

for the year ended March 31, 2018

₹ in Million

Particulars	Equity share capital	Other equity											Total
		Share application money pending allotment	Reserve and surplus							Other comprehensive income (OCI)			
			Capital reserve	Securities premium reserve	Share options outstanding account	Amalgamation reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instrument through OCI	Debt instrument through OCI	Effective portion of cash flow hedges	
Balance as at March 31, 2016	2,406.6	6.7	36,660.0	18,585.2	48.9	43.8	-	34,779.3	126,353.4	23.1	-	-	218,907.0
Add - Transfer on merger [Refer Note 56 (13)]	-	-	(535.6)	-	-	-	-	-	1,824.8	-	-	-	1,289.2
Adjusted balance as at March 31, 2016	2,406.6	6.7	36,124.4	18,585.2	48.9	43.8	-	34,779.3	128,178.2	23.1	-	-	220,196.2
Loss for the year	-	-	-	-	-	-	-	-	(228.4)	-	-	-	(228.4)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	^ (600.8)	(7.1)	-	(26.6)	(634.5)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(829.2)**	**(7.1)**		**(26.6)**	**(862.9)**
Payment of dividend	-	-	-	-	-	-	-	-	(2,406.8)	-	-	-	(2,406.8)
Dividend distribution tax	-	-	-	-	-	-	-	-	(74.7)	-	-	-	(74.7)
Recognition of share-based payments to employees	-	-	-	-	32.3	-	-	-	-	-	-	-	32.3
Issue of equity shares	0.2	(6.7)	-	31.3	-	-	-	-	-	-	-	-	24.8
Buy-back of equity shares [Refer Note 56 (12)]	(7.5)	-	-	(6,742.5)	-	-	-	-	-	-	-	-	(6,750.0)
Expenditure on buy-back of equity shares	-	-	-	(34.2)	-	-	-	-	-	-	-	-	(34.2)
Transfer to capital redemption reserve on buy-back of equity shares	-	-	-	-	-	-	7.5	-	(7.5)	-	-	-	-
Transfer on exercise of share options	-	-	-	54.8	(54.8)	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	**2,399.3**	*** 0.0**	**36,124.4**	**11,894.6**	**26.4**	**43.8**	**7.5**	**34,779.3**	**124,860.0**	**16.0**	**-**	**(26.6)**	**210,124.7**
Loss for the year	-	-	-	-	-	-	-	-	(4,945.9)	-	-	-	(4,945.9)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	^ 434.4	44.0	(10.1)	26.6	494.9
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,511.5)**	**44.0**	**(10.1)**	**26.6**	**(4,451.0)**
Payment of dividend	-	-	-	-	-	-	-	-	(7,977.4)	-	-	-	(7,977.4)
Dividend distribution tax	-	-	-	-	-	-	-	-	(3.4)	-	-	-	(3.4)
Recognition of share-based payments to employees	-	-	-	-	(1.0)	-	-	-	-	-	-	-	(1.0)
Issue of equity shares	@ 0.0	* (0.0)	-	9.1	-	-	-	-	-	-	-	-	9.1
Transfer on exercise of share options	-	-	-	25.4	(25.4)	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	**2,399.3**	**-**	**36,124.4**	**11,929.1**	**-**	**43.8**	**7.5**	**34,779.3**	**112,367.7**	**60.0**	**(10.1)**	**-**	**197,701.0**

^Represents remeasurements of the defined benefit plans
* : ₹ 7,177
@ : ₹ 62,365

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

per **PAUL ALVARES**
Partner
Membership No. : 105754
Mumbai, May 25, 2018

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

DILIP S. SHANGHVI
Managing Director

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 25, 2018

Standalone Cash Flow Statement

for the year ended March 31, 2018

₹ in Million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	**(5,199.8)**	(168.0)
Adjustments for:		
Depreciation and amortisation expense	**4,322.3**	4,222.8
Loss on sale/write off of property, plant and equipment and intangible assets, net	**63.7**	112.2
Finance costs	**3,883.1**	2,235.7
Interest income	**(1,287.6)**	(232.1)
Dividend income on investments	**(8,154.8)**	(2,040.7)
Net gain arising on financial assets measured at fair value through profit or loss	**(0.7)**	(16.1)
Net gain on sale of financial assets measured at fair value through profit or loss	**(95.8)**	(186.0)
Net loss/ (gain) on sale of financial assets measured at fair value through other comprehensive income	**15.1**	-
Gain on sale of investment in subsidiary	**(1,328.0)**	(2,307.8)
Gain on sale of investment in associate	**-**	(120.3)
Provision / write off / (reversal) for doubtful trade receivables / advances	**(135.7)**	38.5
Sundry balances written back, net	**(142.0)**	(27.6)
Expense/ (income) recognised in respect of share based payments to employees	**(1.0)**	30.8
Impairment in value of investment, net	**(562.2)**	-
Provision in respect of losses of a subsidiary	**254.3**	165.4
Net unrealised foreign exchange loss / (gain)	**(402.8)**	(2,387.3)
Operating loss before working capital changes	**(8,771.9)**	**(680.5)**
Movements in working capital:		
(Increase)/ decrease in inventories	**1,726.4**	(1,667.3)
Increase in trade receivables	**(925.2)**	(6,681.1)
Increase in other assets	**(5,272.3)**	(1,814.2)
Increase in trade payables	**4,100.9**	3,265.8
Increase in other liabilities	**2,463.3**	7.5
Decrease in provisions	**(2,247.6)**	(804.2)
Cash used in operations	**(8,926.4)**	**(8,374.0)**
Income tax paid (net of refund)	**(2,914.2)**	(7,836.0)
Net cash used in operating activities (A)	**(11,840.6)**	**(16,210.0)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	**(7,333.3)**	(10,940.1)
Proceeds from disposal of property, plant and equipment and intangible assets	**62.7**	97.3
Loans / Inter corporate deposits		
Given to		
Subsidiary company	**-**	(0.4)
Others	**(320.0)**	-
Received back / matured from		
Subsidiary companies	**512.0**	4.8
Others	**-**	-
Purchase of investments		
Subsidiary companies	**(855.0)**	(6.1)
Others	**(168,061.1)**	(176,388.7)
Proceeds from sale / redemption of investments		
Subsidiary companies	**12,384.5**	32,318.4
Associate	**-**	141.5
Others	**168,335.1**	176,366.3
Bank balances not considered as cash and cash equivalents		
Fixed deposits placed	**(107.0)**	(37.2)
Fixed deposits matured	**144.2**	48.3
Margin money placed	**(941.9)**	-
Margin money matured	**629.5**	-
Interest received	**1,440.0**	169.0
Dividend received from		
Subsidiary companies	**8,154.8**	2,040.7
Others [₹ 24,000 (March 31, 2017: ₹ 20,000)]	**0.0**	0.0
Net cash from investing activities (B)	**14,044.5**	**23,813.8**

Standalone Cash Flow Statement

for the year ended March 31, 2018

₹ in Million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares on exercise of stock options/ share application money received	**9.1**	24.8
Proceeds from borrowings		
Subsidiary company	**28,122.1**	9,200.0
Others	**117,554.1**	53,590.4
Repayment of borrowings		
Subsidiary company	**(22,655.1)**	(17,219.9)
Others	**(114,929.5)**	(42,431.5)
Payment for buy-back of equity shares	**-**	(6,750.0)
Payment for share buy-back expenses	**-**	(34.2)
Finance costs	**(2,836.9)**	(1,435.6)
Dividend paid	**(7,981.4)**	(2,399.2)
Dividend distribution tax	**(3.4)**	(74.7)
Net cash used in financing activities (C)	**(2,721.0)**	**(7,529.9)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(517.1)**	**73.9**
Cash and cash equivalents at the beginning of the year	**1,475.2**	1,409.9
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**19.9**	(8.6)
Cash and cash equivalents at the end of the year	**978.0**	**1,475.2**

Notes:

1 Cash and cash equivalents comprises of

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In current accounts	**1,091.3**	1,522.3
In deposit accounts with original maturity less than 3 months	**0.6**	-
Cheques on hand	**-**	4.5
Cash on hand	**2.4**	6.5
Cash and cash equivalents (Refer Note 16)	**1,094.3**	**1,533.3**
Less:- cash credit facilities included under loans repayable on demand in Note 26	**116.3**	58.1
Cash and cash equivalents in cash flow statement	**978.0**	**1,475.2**

2 Change in financial liability / asset arising from financing activities

₹ in Million

Particulars	Balance as on April 01, 2017	Changes from financing cash flows	Non cash changes			Balance as on March 31, 2018
			The effect of changes in foreign exchange rates	Changes in fair value	Other Changes	
Borrowings	60,466.1	8,091.6	176.1	-	106.3	**68,840.1**
Derivatives (Asset, net)	1,210.0	(518.0)	(32.1)	94.2	-	**754.1**

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

per PAUL ALVARES
Partner
Membership No. : 105754
Mumbai, May 25, 2018

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

DILIP S. SHANGHVI
Managing Director

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 25, 2018

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

1. GENERAL INFORMATION

Sun Pharmaceutical Industries Limited ("the Company") is a public limited company incorporated and domiciled in India, having it's registered office at Vadodara, Gujarat, India and has its listing on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company is in the business of manufacturing, developing and marketing a wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Company has various manufacturing locations spread across the country with trading and other incidental and related activities extending to the global markets.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on May 25, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2017.

2.2 Basis of preparation and presentation

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

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

The standalone financial statements are presented in ₹ and all values are rounded to the nearest Million (₹ 000,000) upto one decimal, except when otherwise indicated.

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

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

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

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

a. Current vs. Non-current

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currency

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings (see note 2.2.r).

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

Non-monetary items that are measured in terms of historical cost in foreign currency are measured using the exchange rates at the date of initial transaction.

c. Segment reporting

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

d. Property, plant and equipment

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

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

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

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

Depreciation is recognised on the cost of assets (other than freehold land and Capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter. Depreciation methods,

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

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

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

e. Goodwill and Intangible assets

Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Company's share of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Intangible assets

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

Research and development

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

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

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

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

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

The consideration for acquisition of intangible asset which is based on reaching specific milestone that are dependent on the Company's future activity is recognised only when the activity requiring the payment is performed.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, are recognised in the statement of profit and loss as incurred.

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets. Intangible

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

assets that are not available for use are amortised from the date they are available for use.

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

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

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

De-recognition of intangible assets

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

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

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

g. Impairment of non-financial assets

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

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

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

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

h. Non-current assets held for sale

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

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

i. Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

or convention in the market place (regular way trades) are recognised on the date the Company commits to purchase or sale the financial assets.

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

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

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

Equity instruments

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

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

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

Derecognition

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

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

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

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

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound financial instruments

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

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

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

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

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

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

Derecognition

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

Embedded derivatives

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

Reclassification of financial assets

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

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

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

If the hedging instrument expires or is sold, terminated or exercised or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Treasury shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

Dividend distribution to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

j. Leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Company as a lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased assets or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

Company as a lessor

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

k. Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade, stores and spares and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method.

Cost of raw materials and packing materials, stock-in-trade, stores and spares includes cost of purchases and other costs incurred in bringing the inventories to its present location and condition.

Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis

l. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring

A provision for restructuring is recognised when the Company has a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received from the contract.

Contingent liabilities and contingent assets

Contingent liability is disclosed for,

(i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or

(ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

n. Revenue

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is stated exclusive of sales tax, value added tax, goods and service tax and net of returns, chargebacks, rebates and other similar allowances. Revenue is inclusive of excise duty till the period, provision of excise duty was levied on sale of goods.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, it is probable that the economic benefit will flow to the Company, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably. The Company is principal in all of its revenue arrangements, since it is the primary obligor in all of the revenue arrangements, as it has pricing latitude and is exposed to inventory and credit risks.

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue.

Sales returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. With respect to established

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors.

Rendering of services

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

o. Dividend and interest income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

p. Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the Company deducts such grant amount from the carrying amount of the asset.

q. Employee benefits

Defined benefit plans

The Company operates a defined benefit gratuity plan which requires contribution to be made to a separately administered fund.

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to profit or loss.

Termination benefits

Termination benefits are recognised as an expense at the earlier of the date when the Company can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Short-term and other long-term employee benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

Defined contribution plans

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions. The Company does not have any obligation other than the contribution made.

Share-based payment arrangements

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, on a straight line basis, over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

r. Borrowing costs

Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

s. Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

t. Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

u. Recent Accounting pronouncements

Standards issued but not yet effective and not early adopted by the Company

Ind AS 115, Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs ("MCA") has notified Ind AS 115, Revenue from Contracts with Customers, which is effective for accounting periods beginning on or after April 1, 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018.

The Company intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The Company is evaluating the requirements of the standard and its impact on its financials.

Amendments to Ind AS 7 Statement of Cash Flows:

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for the current period in Cash Flow Statement. Since amendment is effect from April 1, 2017, no comparative period information is required.

Other Amendments:

On March 28, 2018, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 40, Investment Property
- Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Ind AS 12, Income Taxes
- Ind AS 28, Investments in Associates and Joint Ventures
- Ind AS 112, Disclosure of Interests in Other Entities

The amendments are effective April 1, 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 3 PROPERTY, PLANT AND EQUIPMENT

₹ in Million

	Freehold land	Leasehold land	Buildings	Buildings - leased	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost									
As at April 01, 2016	541.1	562.4	11,071.7	16.9	26,339.3	805.3	430.0	465.0	40,231.7
Add - Transfer on merger [Refer Note 56 (13)]	22.4	-	156.1	-	408.2	58.2	1.8	16.7	663.4
Additions	370.3	-	1,068.6	-	5,652.3	54.1	108.1	135.2	7,388.6
Disposals	-	-	(14.5)	-	(350.1)	(23.6)	(84.9)	(15.3)	(488.4)
As at March 31, 2017	**933.8**	**562.4**	**12,281.9**	**16.9**	**32,049.7**	**894.0**	**455.0**	**601.6**	**47,795.3**
Additions	107.4	-	1,878.2	-	7,033.1	65.4	82.5	158.2	9,324.8
Disposals	-	-	-	-	(176.9)	(1.2)	(56.4)	(1.7)	(236.2)
As at March 31, 2018	**1,041.2**	**562.4**	**14,160.1**	**16.9**	**38,905.9**	**958.2**	**481.1**	**758.1**	**56,883.9**
Accumulated depreciation and impairment									
As at April 01, 2016	-	6.9	661.1	0.5	4,039.3	144.2	89.8	126.5	5,068.3
Add - Transfer on merger [Refer Note 56 (13)]	-	-	48.6	-	180.6	32.3	0.7	11.9	274.1
Depreciation expense	-	6.9	373.2	0.5	3,304.8	136.3	96.2	125.5	4,043.4
Disposals	-	-	(13.7)	-	(215.8)	(12.7)	(35.2)	(6.6)	(284.0)
As at March 31, 2017	**-**	**13.8**	**1,069.2**	**1.0**	**7,308.9**	**300.1**	**151.5**	**257.3**	**9,101.8**
Depreciation expense	-	6.8	399.5	0.5	3,383.1	115.8	98.4	131.4	4,135.5
Disposals	-	-	-	-	(77.5)	(0.7)	(30.7)	(1.0)	(109.9)
As at March 31, 2018	**-**	**20.6**	**1,468.7**	**1.5**	**10,614.5**	**415.2**	**219.2**	**387.7**	**13,127.4**
Net book value									
As at March 31, 2017	**933.8**	**548.6**	**11,212.7**	**15.9**	**24,740.8**	**593.9**	**303.5**	**344.3**	**38,693.5**
As at March 31, 2018	**1,041.2**	**541.8**	**12,691.4**	**15.4**	**28,291.4**	**543.0**	**261.9**	**370.4**	**43,756.5**

Footnotes

(i) Buildings include ₹ 8,620 (As at March 31, 2017 : ₹ 8,620) towards cost of shares in a co-operative housing society and also includes ₹ 1.1 Million (As at March 31, 2017 : ₹ 1.1 Million) and ₹ 1,133.0 Million (As at March 31, 2017 : ₹ 1,133.0 Million) towards cost of non-convertible preference shares of face value of ₹ 10/- each and compulsorily convertible debentures of face value of ₹ 10,000/- each in a Company respectively entitling the right of occupancy and use of premises and also includes ₹ 4.5 Million (March 31, 2017 : ₹ 4.5 Million) towards cost of flats not registered in the name of the Company but is entitled to right of use and occupancy.

(ii) For details of assets pledged as security refer Note 51

(iii) The aggregate depreciation has been included under depreciation and amortisation expense in the statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 4 GOODWILL / OTHER INTANGIBLE ASSETS

Other than internally generated

₹ in Million

	Computer Software	Product related intangibles	Goodwill	Total
At cost or deemed cost				
As at April 01, 2016	656.1	149.2	-	805.3
Add - Transfer on merger [Refer Note 56 (13)]	12.8	-	1,208.0	1,220.8
Additions	73.4	8.6	-	82.0
Disposals	(22.6)	-	-	(22.6)
As at March 31, 2017	**719.7**	**157.8**	**1,208.0**	**2,085.5**
Additions	322.9	-	-	322.9
Disposals	(0.2)	-	-	(0.2)
As at March 31, 2018	**1,042.4**	**157.8**	**1,208.0**	**2,408.2**
Accumulated amortisation and impairment				
As at April 01, 2016	193.6	28.9	-	222.5
Add - Transfer on merger [Refer Note 56 (13)]	8.3		-	8.3
Amortisation expense	158.0	21.4	-	179.4
Disposals	(17.5)	-	-	(17.5)
As at March 31, 2017	**342.4**	**50.3**	**-**	**392.7**
Amortisation expense	165.1	21.7	-	186.8
Disposals	(0.1)	-	-	(0.1)
As at March 31, 2018	**507.4**	**72.0**	**-**	**579.4**
Net book value				
As at March 31, 2017	**377.3**	**107.5**	**1,208.0**	**1,692.8**
As at March 31, 2018	**535.0**	**85.8**	**1,208.0**	**1,828.8**

Footnote

(i) The aggregate amortisation has been included under depreciation and amortisation expense in the statement of profit and loss.

(ii) Refer Note 56 (2)

NOTE : 5 INVESTMENTS IN THE NATURE OF EQUITY IN SUBSIDIARIES (NON-CURRENT)

	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments				
Unquoted (At cost less impairment in value of investments, if any)				
Sun Pharmaceutical Industries, Inc.				
Common shares of no par value	**8,387,666**	**304.2**	8,387,666	304.2
Sun Farmaceutica do Brasil Ltda				
Quota of Capital Stock of Real 1 each fully paid	**4,019**	**18.3**	4,019	18.3
Sun Pharma De Mexico, S.A. DE C.V.				
Common Shares of no Face Value	**750**	**3.3**	750	3.3
Sun Pharmaceutical (Bangladesh) Limited				
Ordinary Shares of 100 Takas each fully paid	**434,469**	**36.5**	434,469	36.5
Share application money		**31.6**		31.6
Sun Pharmaceutical Peru S.A.C.				
Ordinary Shares of Soles 10 each fully paid	**149**	**0.0**	149	0.0
[₹ 21,734 (March 31, 2017: ₹ 21,734)]				
SPIL DE Mexico S.A. DE CV				
Nominative and free Shares of 500 Mexican Pesos each fully paid	**100**	**0.2**	100	0.2
OOO "Sun Pharmaceutical Industries" Limited				
Par value rouble stock fully paid	**1**	**8.8**	1	8.8
5,250,000 Rouble (March 31, 2017: 5,250,000 Rouble)				

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Green Eco Development Centre Limited				
Shares of ₹ 10 each fully paid	**700,000**	**7.0**	700,000	7.0
Sun Pharma De Venezuela, C.A.				
Shares of Bolivars (Bs.F.) 100 each, Bolivars (Bs.F.) 50 per share paid	**1,000**	**0.5**	1,000	0.5
Sun Pharma Laboratories Limited				
Shares of ₹ 10 each fully paid	**50,000**	**1.5**	50,000	1.5
Faststone Mercantile Company Private Limited				
Shares of ₹ 10 each fully paid	**10,000**	**0.1**	10,000	0.1
Foundation for Disease Elimination and Control of India				
Shares of ₹ 10 each fully paid	**10,000**	**0.1**	10,000	0.1
Neetnav Real Estate Private Limited				
Shares of ₹ 10 each fully paid	**10,000**	**0.1**	10,000	0.1
Realstone Multitrade Private Limited				
Shares of ₹ 10 each fully paid	**10,000**	**0.1**	10,000	0.1
Skisen Labs Private Limited				
Shares of ₹ 10 each fully paid	**16,360,000**	**163.6**	16,360,000	163.6
Less: Impairment in value of investment		**(163.6)**		-
		-		**163.6**
Softdeal Trading Company Private Limited				
Shares of ₹ 10 each fully paid	**10,000**	**0.1**	10,000	0.1
Sun Pharma Holdings				
Shares of USD 1 each fully paid	**855,199,716**	**54,031.5**	855,199,716	54,031.5
Sun Pharma (Netherlands) B.V. [formerly known as Ranbaxy (Netherlands) B.V.]				
Ordinary Shares of Euro 100 each fully paid	**5,473,340**	**39,877.3**	5,473,340	39,877.3
Ranbaxy Pharmacie Generiques SAS				
Ordinary Shares of Euro 1 each fully paid	**24,117,250**	**4,709.1**	24,117,250	4,709.1
Less: Impairment in value of investment		**(4,709.1)**		(4,709.1)
		-		**-**
Ranbaxy Malaysia Sdn. Bhd.				
Ordinary Shares of RM 1 each fully paid	**3,189,248**	**37.0**	3,189,248	37.0
Ranbaxy Nigeria Limited				
Ordinary Shares of Naira 1 each fully paid	**13,070,648**	**8.6**	13,070,648	8.6
Quoted (At cost less impairment in value of investments, if any)				
Zenotech Laboratories Limited [Refer Note 56(1)]				
Shares of ₹ 10 each fully paid	**35,128,078**	**3,318.5**	-	-
Less: Impairment in value of investment		**(1,737.8)**		-
		1,580.7		**-**
		95,947.5		**94,530.4**
Preference shares - unquoted (At cost)				
Sun Pharma Holdings				
5% Optionally Convertible Preference Shares USD 1 each fully paid	**1,365,593,148**	**86,278.2**	1,540,593,148	97,334.7
		182,225.7		**191,865.1**
Aggregate amount of unquoted investments before impairment		**185,517.7**		196,574.2
Aggregate book value (carrying value) of quoted investments before impairment		**3,318.5**		-
Aggregate amount of impairment in value of investments		**6,610.5**		4,709.1
Aggregate amount of quoted investments at market value		**1,429.7**		-

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 6 INVESTMENTS IN THE NATURE OF EQUITY IN ASSOCIATES (NON-CURRENT)

	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments - (At cost less impairment in value of investments, if any)				
Quoted				
Zenotech Laboratories Limited [Refer Note 56(1)]				
Shares of ₹ 10 each fully paid	-	-	16,128,078	2,463.5
Less: Impairment in value of investment		-		(2,463.5)
		-		-
Market value of quoted investment		-		570.1

NOTE : 7 INVESTMENTS (NON-CURRENT)

	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Investments in subsidiaries				
Preference shares - unquoted				
Sun Pharma Laboratories Limited				
10% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 100 each fully paid	**4,000,000**	**400.0**	4,000,000	400.0
		400.0		**400.0**
Other investments				
Investments in equity instruments				
Quoted				
Krebs Biochemicals and Industries Limited				
Shares of ₹ 10 each fully paid	**1,050,000**	**172.3**	1,050,000	105.1
Unquoted				
Enviro Infrastructure Co. Limited				
Shares of ₹ 10 each fully paid	**100,000**	**1.0**	100,000	1.0
Shimal Research Laboratories Limited				
Shares of ₹ 10 each fully paid	**9,340,000**	**934.0**	9,340,000	934.0
Less: Impairment in value of investment		**(934.0)**		(934.0)
		-		-
Shivalik Solid Waste Management Limited				
Shares of ₹ 10 each fully paid	**20,000**	**0.2**	20,000	0.2
Biotech Consortium India Limited				
Shares of ₹ 10 each fully paid	**50,000**	**0.5**	50,000	0.5
Less: Impairment in value of investment		**(0.5)**		(0.5)
		-		-
Nimbua Greenfield (Punjab) Limited				
Shares of ₹ 10 each fully paid	**140,625**	**1.4**	140,625	1.4
Citron Ecopower Pvt. Ltd.				
Shares of ₹ 10 each fully paid	**500,500**	**5.0**	-	-
		179.9		**107.7**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Investments in government securities				
Quoted				
Government of Rajasthan UDAY non -SLR bond				
7.75% Bond of ₹ 1 each fully paid maturing June 23, 2018	-	-	27,400,000	27.1
Government of Rajasthan UDAY non -SLR bond				
7.86% Bond of ₹ 1 each fully paid maturing June 23, 2019	**27,400,000**	**27.1**	27,400,000	27.3
Government of Rajasthan UDAY non -SLR bond				
8.01% Bond of ₹ 1 each fully paid maturing June 23, 2020	**27,400,000**	**27.2**	27,400,000	27.5
Government of Rajasthan UDAY non -SLR bond				
8.21% Bond of ₹ 1 each fully paid maturing June 23, 2025	-	-	100,000,000	103.7
Government of Rajasthan UDAY non -SLR bond				
8.39% Bond of ₹ 1 each fully paid maturing June 23, 2026	-	-	200,000,000	214.8
Government of Uttar Pradesh UDAY non -SLR bond				
8.21% Bond of ₹ 1 each fully paid maturing June 23, 2026	-	-	150,000,000	159.7
Government of Telangana UDAY non -SLR bond				
7.62% Bond of ₹ 1 each fully paid maturing March 7, 2026	**100,000,000**	**96.5**	-	-
Government of Telangana UDAY non -SLR bond				
7.98% Bond of ₹ 1 each fully paid maturing March 7, 2030	**100,000,000**	**97.6**	-	-
Government of Tamil Nadu UDAY non -SLR bond				
8.24% Bond of ₹ 1 each fully paid maturing March 22, 2028	**50,000,000**	**51.0**	-	-
Unquoted				
National savings certificates		**0.0**		0.0
[₹ 10,000 (March 31, 2017: ₹ 10,000)]				
		299.4		**560.1**
Investments (non-current)		**879.3**		**1,067.8**

	As at March 31, 2018	As at March 31, 2017
Aggregate book value (carrying value) of quoted investments	**471.7**	665.2
Aggregate amount of quoted investments at market value	**471.7**	665.2
Aggregate amount of unquoted investments before impairment	**1,342.1**	1,337.1
Aggregate amount of impairment in value of investments	**934.5**	934.5

NOTE : 8 LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Loans to employees / others		
Secured, considered good	**10.2**	16.2
Unsecured, considered good	**24.0**	32.5
	34.2	**48.7**

NOTE : 9 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Deposits - pledged with government authorities	**1.0**	1.6
Security deposits (unsecured, considered good)	**405.9**	377.5
Derivatives not designated as hedges	**82.8**	611.5
	489.7	**990.6**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 10 DEFERRED TAX ASSETS (NET)

₹ in Million

	Opening balance April 01, 2017	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance March 31, 2018
Deferred tax (liabilities) / assets in relation to:				
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	(4,353.0)	(774.3)	-	**(5,127.3)**
Other liabilities	(9.2)	(7.7)	(17.8)	**(34.7)**
Allowance for doubtful debts and advances	743.2	(76.2)	-	**667.0**
Expenses claimed for tax purpose on payment basis	803.0	(179.7)	(229.9)	**393.4**
Unabsorbed depreciation / carried forward losses	2,497.3	1,456.9	-	**3,954.2**
Other assets	292.3	(144.9)	-	**147.4**
	(26.4)	**274.1**	**(247.7)**	**-**
MAT credit entitlement [Refer Note 56(4)]	7,517.0	-	-	**7,517.0**
	7,490.6	**274.1**	**(247.7)**	**7,517.0**

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :		
Tax losses	**97,366.8**	78,498.1
Tax losses (Capital in nature)	**743.5**	757.1
Unabsorbed depreciation	**30,539.3**	24,900.1
Unused tax credits (MAT credit entitlement)	**2,874.3**	2,874.3
Deductible temporary differences	**22,382.2**	25,892.5
	153,906.1	**132,922.1**

The unused tax credits will expire from financial year 2022-23 to financial year 2027-28 and unused tax losses will expire from financial year 2019-20 to financial year 2026-27.

NOTE : 11 INCOME TAX ASSETS (NET) (NON-CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Advance Income Tax *	**20,742.4**	17,848.7
Net of provisions ₹ 10,896.0 Million (March 31, 2017 : ₹ 10,894.5 Million)		
	20,742.4	**17,848.7**

* includes amount paid under protest

NOTE : 12 OTHER ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Capital advances	**2,870.5**	2,924.0
Prepaid expenses	**18.0**	16.4
Balances with government authorities *	**1,057.3**	1,155.6
Other assets	**7.8**	12.0
	3,953.6	**4,108.0**

* includes amount paid under protest

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 13 INVENTORIES

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Lower of cost and net realisable value		
Raw materials and packing materials	**7,583.3**	7,158.7
Goods in transit	**128.9**	298.0
	7,712.2	**7,456.7**
Work-in-progress	**7,727.8**	8,442.8
Finished goods	**4,687.2**	6,082.2
Stock-in-trade	**979.5**	462.1
Stores and spares	**249.7**	639.0
	21,356.4	**23,082.8**

(i) Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹ 8,767.9 Million (March 31, 2017: ₹ 7,876.9 Million). The changes in write downs are recognised as an expense in the statement of profit and loss.

(ii) For details of inventories pledged as security refer Note 51.

(iii) The cost of inventories recognised as an expense is disclosed in Notes 33, 34 and 37 and as purchases of stock-in-trade in the statement of profit and loss.

NOTE : 14 INVESTMENTS (CURRENT)

	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Investments in government securities				
Quoted				
Government of Rajasthan UDAY non -SLR bond				
7.75% Bond of ₹ 1 each fully paid maturing June 23, 2018	**27,400,000**	**26.9**	-	-
Investments in mutual funds				
Unquoted *				
ICICI Prudential Mutual Fund-ICICI Prudential Liquid - Direct Plan - Growth				
Units of ₹ 100 each fully paid	**-**	**-**	1,662,199	400.1
BOI Axa Mutual Fund-BOI Axa Liquid Fund-Direct Plan-Growth				
Units of ₹ 100 each fully paid	**209,995**	**420.7**	-	-
		447.6		**400.1**

* Investments in mutual funds have been fair valued at closing net asset value (NAV).

NOTE : 15 TRADE RECEIVABLES

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Unsecured		
Considered good	**28,469.6**	27,147.0
Considered doubtful	**1,575.5**	1,209.7
	30,045.1	**28,356.7**
Less : Allowance for doubtful debts (expected credit loss allowance)	**(1,575.5)**	(1,209.7)
	28,469.6	**27,147.0**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 16 CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In current accounts	**1,091.3**	1,522.3
In deposit accounts with original maturity less than 3 months	**0.6**	-
Cheques on hand	**-**	4.5
Cash on hand	**2.4**	6.5
	1,094.3	**1,533.3**

NOTE : 17 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 16 ABOVE

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Deposit accounts	**60.6**	38.0
Earmarked balances with banks		
Unpaid dividend accounts	**73.0**	59.3
Balances held as margin money or security against guarantees and other commitments (*)	**324.8**	72.2
	458.4	**169.5**

* having original maturity of more than 12 months.

NOTE : 18 LOANS (CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Loans to employees / others		
Secured, considered good	**18.2**	4.0
Unsecured, considered good	**448.9**	134.5
Considered doubtful	**4.5**	4.5
Less : Allowance for doubtful loans	**(4.5)**	(4.5)
	467.1	**138.5**
Loans to related parties (Refer Note 52 and 53)		
Unsecured, considered good	**53.4**	-
Considered doubtful	**-**	512.0
Less : Allowance for doubtful loans	**-**	(512.0)
	53.4	**-**
	520.5	**138.5**

NOTE : 19 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Interest accrued		
Considered good	**9.9**	0.8
Considered doubtful	**-**	214.9
Less : Allowance for doubtful	**-**	(214.9)
	9.9	**0.8**
Insurance claim receivables	**-**	1.6
Security deposits (unsecured, considered good)	**14.7**	35.3
Other receivables	**184.3**	40.5
Derivatives not designated as hedges	**674.0**	594.3
	882.9	**672.5**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 20 OTHER ASSETS (CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Export incentives receivable	**2,701.0**	2,159.1
Prepaid expenses	**302.3**	329.2
Advances for supply of goods and services		
Considered good	**3,383.2**	1,939.1
Considered doubtful	**328.8**	206.3
Less : Allowance for doubtful	**(328.8)**	(206.3)
	3,383.2	**1,939.1**
Balances with government authorities *	**9,454.0**	6,278.6
Other assets	**5.0**	32.2
	15,845.5	**10,738.2**

* includes balances of goods and service tax

NOTE : 21 SHARE CAPITAL

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Authorised				
Equity shares of ₹ 1 each	**5,990,000,000**	**5,990.0**	5,990,000,000	5,990.0
Cumulative preference shares of ₹ 100 each	**100,000**	**10.0**	100,000	10.0
	5,990,100,000	**6,000.0**	**5,990,100,000**	**6,000.0**
Issued, subscribed and fully paid up				
Equity Shares of ₹ 1 each	**2,399,323,180**	**2,399.3**	2,399,260,815	2,399.3
	2,399,323,180	**2,399.3**	**2,399,260,815**	**2,399.3**

	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of reporting period				
Opening balance	**2,399,260,815**	**2,399.3**	2,406,605,118	2,406.6
Add : shares allotted to employees on exercise of employee stock option (excluding shares held by ESOP trust) (* : ₹ 62,365)	**62,365**	*** 0.0**	155,697	0.2
Less : buy back of shares [Refer Note 56 (12)]	-	-	(7,500,000)	(7.5)
Closing balance	**2,399,323,180**	**2,399.3**	**2,399,260,815**	**2,399.3**
The movement of equity shares issued to ESOP Trust at face value is as follows:				
Opening balance (* : ₹ 30,366)	**30,366**	*** 0.0**	123,381	0.1
Add : shares allotted to the ESOP Trust	-	-	-	-
Less : shares allotted by ESOP Trust on exercise of employee stock option (* : ₹ 30,366)	**(30,366)**	*** (0.0)**	(93,015)	(0.1)
Closing balance (* : ₹ 30,366)	-	-	**30,366**	*** 0.0**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:				
Dilip Shantilal Shanghvi	**230,285,690**	**9.6**	230,285,690	9.6
Viditi Investment Pvt. Ltd.	**200,846,362**	**8.4**	200,846,362	8.4
Tejaskiran Pharmachem Industries Pvt. Ltd.	**194,820,971**	**8.1**	194,820,971	8.1
Family Investment Pvt. Ltd.	**182,437,880**	**7.6**	182,437,880	7.6
Quality Investments Pvt. Ltd.	**182,379,237**	**7.6**	182,379,237	7.6
Life Insurance Corporation of India*	**145,302,877**	**6.1**	106,329,652	4.4

*Shareholding has been consolidated on the basis of PAN as per SEBI circular dated December 19, 2017.

(i) 1,035,581,955 (upto March 31, 2017: 1,035,581,955) equity shares of ₹ 1 each have been allotted as fully paid up bonus shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

(ii) 334,956,764 (upto March 31, 2017: 334,956,764) equity shares of ₹ 1 each have been allotted, pursuant to scheme of amalgamation, without payment being received in cash during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

(iii) 7,500,000 (upto March 31, 2017: 7,500,000), equity shares of ₹ 1 each have been bought back during the period of five years immediately preceding the date at which the Balance Sheet is prepared. The shares bought back in the previous year were cancelled immediately. [Refer Note 56(12)]

(iv) Rights, preference and restrictions attached to equity shares: The equity shares of the Company, having par value of ₹ 1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

(v) Refer Note 50 for number of employee stock options against which equity shares are to be issued by the Company / ESOP Trust upon vesting and exercise of those stock options.

NOTE : 22 OTHER EQUITY

₹ in Million

		As at March 31, 2018	As at March 31, 2017
A)	Share application money pending allotment (March 31, 2017 : ₹ 7,177)	-	0.0
B)	Reserve and surplus		
	Capital reserve	**36,124.4**	36,124.4
	Securities premium reserve	**11,929.1**	11,894.6
	Share options outstanding account	-	26.4
	Amalgamation reserve	**43.8**	43.8
	Capital redemption reserve	**7.5**	7.5
	General reserve	**34,779.3**	34,779.3
	Retained earnings	**112,367.7**	124,860.0
		195,251.8	**207,736.0**
C)	Items of other comprehensive income (OCI)		
	Equity instrument through OCI	**60.0**	16.0
	Debt instrument through OCI	**(10.1)**	-
	Effective portion of cash flow hedges	-	(26.6)
		49.9	**(10.6)**
		195,301.7	**207,725.4**

Refer statement of changes in equity for detailed movement in other equity balance

Nature and purpose of each reserve

Capital reserve - During amalgamation / merger / acquisition, the excess of net assets taken, over the consideration paid, if any, is treated as capital reserve.

Securities premium reserve - The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

Share options outstanding account - The fair value of the equity settled share based payment transactions is recognised to share options outstanding account.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

Amalgamation reserve - The reserve was created pursuant to scheme of amalgamation in earlier years.

Capital redemption reserve - The Company has recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back.

General reserve: The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Equity instrument through OCI - The Company has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.

Debt instrument through OCI - This represents the cumulative gain and loss arising on fair valuation of debt instruments measured through other comprehensive income. This amount will be reclassified to profit or loss account on derecognition of debt instrument.

Effective portion of cash flow hedges - The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

NOTE : 23 BORROWINGS (NON-CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Term loan from department of biotechnology (Refer Note 51)		
Secured	**108.2**	108.2
Term loans from banks (Refer Note 51)		
Unsecured	**15,538.7**	7,498.2
	15,646.9	**7,606.4**

NOTE : 24 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Interest accrued	**9.1**	6.8
	9.1	**6.8**

NOTE : 25 PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Employee benefits (Refer Note 48)	**1,643.3**	2,443.8
Others (Refer Note 54)	**1,808.5**	8,884.5
	3,451.8	**11,328.3**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 26 BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Loans repayable on demand		
From Banks		
Secured (Refer Note 51)	-	198.1
Unsecured	**20,802.2**	25,021.5
Loans from related party (Refer Note 52)		
Loans repayable on demand (Unsecured)	**6,049.7**	-
Other loans		
Commercial paper (Unsecured)	**25,286.2**	15,320.8
	52,138.1	**40,540.4**

NOTE : 27 TRADE PAYABLES

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Dues to micro and small enterprises (Refer Note 46)	**105.5**	123.2
Others	**24,793.9**	20,602.8
	24,899.4	**20,726.0**

NOTE : 28 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt (Refer Note 51)	**1,055.1**	12,319.3
Interest accrued	**40.0**	63.1
Unpaid dividends	**86.4**	76.7
Security deposits	**118.3**	135.4
Payables on purchase of property, plant and equipment	**1,150.1**	1,152.9
Product settlement, claims, recall charges and trade commitments	**16,027.2**	14,298.5
Derivatives not designated as hedge	**90.3**	72.6
Derivatives designated as hedge	-	26.6
	18,567.4	**28,145.1**

NOTE : 29 OTHER CURRENT LIABILITIES

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Statutory remittances	**2,282.8**	1,387.8
Advance from customers	**288.3**	348.8
Others	**4.0**	4.1
	2,575.1	**1,740.7**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 30 PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Employee benefits (Refer Note 48)	**394.8**	759.2
Provision in respect of losses of a subsidiary	**2,125.9**	1,602.6
Others (Refer Note 54)	**21,734.2**	16,112.5
	24,254.9	**18,474.3**

NOTE : 31 REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products [Refer Note 56 (11)]	**76,963.3**	75,096.7
Other operating revenues	**2,512.7**	2,835.3
	79,476.0	**77,932.0**

NOTE : 32 OTHER INCOME

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on :		
Bank deposits at amortised cost	**11.8**	3.5
Loans at amortised cost	**34.9**	89.4
Investments in debt instruments at amortised cost	**-**	2.9
Investments in debt instruments at fair value through other comprehensive income	**46.8**	6.6
Other financial assets carried at amortised cost	**246.8**	107.7
Others (includes interest on income tax refund)	**947.3**	22.0
	1,287.6	**232.1**
Dividend income on investments		
Subsidiary	**8,154.8**	2,040.7
Others (March 31, 2018: ₹ 24,000 ; March 31, 2017: ₹ 20,000)	**0.0**	0.0
	8,154.8	**2,040.7**
Net gain arising on financial assets measured at fair value through profit or loss	**0.7**	16.1
Net gain on sale of financial assets measured at fair value through profit or loss	**95.8**	186.0
Net gain/(loss) on sale of financial assets measured at fair value through other comprehensive income	**(15.1)**	-
Gain on sale of investment in subsidiary [Refer Note 56 (14)]	**1,328.0**	2,307.8
Gain on sale of investment in associate	**-**	120.3
Sundry balances written back, net	**142.0**	27.6
Insurance claims	**96.1**	24.8
Lease rental and hire charges	**183.0**	190.4
Miscellaneous income	**7.5**	5.0
	11,280.4	**5,150.8**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 33 COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Raw materials and packing materials		
Inventories at the beginning of the year	**7,456.7**	7,720.2
Purchases during the year	**21,930.7**	22,021.0
Inventories at the end of the year	**(7,712.2)**	(7,456.7)
	21,675.2	**22,284.5**

NOTE : 34 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Inventories at the beginning of the year	**14,987.1**	13,308.5
Inventories at the end of the year	**(13,394.5)**	(14,987.1)
	1,592.6	**(1,678.6)**

NOTE : 35 EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	**14,765.7**	13,779.0
Contribution to provident and other funds *	**1,042.0**	825.8
Share based payments to employees	**(1.0)**	30.8
Staff welfare expenses	**370.2**	363.2
	16,176.9	**14,998.8**

* includes gratuity expense of ₹ 331.8 Million (March 31, 2017 : ₹ 205.4 Million)

NOTE : 36 FINANCE COSTS

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense for financial liabilities carried at amortised cost	**2,956.7**	1,013.7
Interest expense others	**-**	4.4
Exchange differences regarded as an adjustment to borrowing costs	**660.6**	779.8
Unwinding of discounts on provisions	**265.8**	437.8
	3,883.1	**2,235.7**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 37 OTHER EXPENSES

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of materials, stores and spare parts	**4,704.5**	4,293.3
Conversion and other manufacturing charges	**1,999.1**	2,317.9
Power and fuel	**3,761.7**	3,492.3
Rent	**224.4**	232.6
Rates and taxes	**1,469.6**	1,079.8
Insurance	**513.2**	420.3
Selling and distribution	**3,261.7**	4,576.2
Commission on sales	**466.9**	472.4
Repairs and maintenance	**2,214.1**	2,120.8
Printing and stationery	**225.4**	327.3
Travelling and conveyance	**1,678.5**	1,759.9
Freight outward and handling charges	**1,781.0**	1,602.2
Communication	**278.2**	263.9
Provision / write off / (reversal) for doubtful trade receivables / advances	**(135.7)**	38.5
Professional, legal and consultancy	**3,983.0**	3,813.1
Impairment in value of investment, net	**(562.2)**	-
Excise duty on sales	**237.6**	1,092.4
Donations	**30.8**	15.8
Loss on sale/write off of property, plant and equipment and intangible assets, net	**63.7**	112.2
(Decrease) / increase of excise duty on inventories	**(235.9)**	(49.4)
Net (gain) / loss on foreign currency transactions [includes exchange loss of ₹ 269.0 Million (Previous year exchange gain of ₹ 132.6 Million) in respect of provision for losses of a subsidiary]	**(518.1)**	(1,746.2)
Payments to auditors (net of input credit, wherever applicable)		
For audit	**17.1**	24.8
For other services	**10.2**	11.0
Reimbursement of expenses	**1.6**	0.4
Provision in respect of losses of a subsidiary	**254.3**	165.4
Miscellaneous expenses	**1,416.5**	2,385.7
	27,141.2	**28,822.6**

NOTE : 38 RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE STATEMENT OF PROFIT AND LOSS

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	**3,167.3**	2,848.1
Contribution to provident and other funds	**32.8**	135.1
Staff welfare expenses	**28.8**	46.7
Consumption of materials, stores and spare parts	**3,000.4**	2,815.9
Power and fuel	**288.4**	342.8
Rent	**62.2**	54.9
Rates and taxes	**155.7**	241.7
Insurance	**11.5**	37.3
Repairs and maintenance	**311.7**	468.0
Printing and stationery	**26.0**	31.1
Travelling and conveyance	**106.4**	132.8
Communication	**26.8**	40.6
Professional, legal and consultancy	**757.7**	1,196.1
Loss on sale/write off of property, plant and equipment and intangible assets, net	**4.8**	(0.4)
Miscellaneous expenses	**280.5**	647.3
	8,261.0	**9,038.0**
Less :		
Receipts from research activities	**517.5**	747.0
Miscellaneous income	**2.8**	9.3
	7,740.7	**8,281.7**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 39 TAX RECONCILIATION

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Reconciliation of current tax expense		
Loss before tax	**(5,199.8)**	(168.0)
Income tax rate (%) applicable to the Company #	**34.608%**	34.608%
Income tax credit calculated at income tax rate	**(1,799.5)**	(58.1)
Effect of income that is exempt from tax	**(3,281.8)**	(1,505.8)
Effect of expenses that are not deductible	**102.7**	80.3
Effect of incremental deduction on account of research and development and other allowances	**(1,576.6)**	(2,959.5)
Investment allowance u/s 32AC of Income Tax Act, 1961	**-**	(234.5)
Withholding tax in respect of income earned outside India	**20.2**	25.1
Effect of current/deferred tax relating to merged entities	**(26.4)**	32.6
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**6,307.5**	4,680.4
Income tax expense recognised in statement of profit and loss	**(253.9)**	**60.4**

The tax rate used for reconciliation above is the corporate tax rate of 34.608% (March 31, 2017 : 34.608%) at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

NOTE : 40 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

			As at March 31, 2018	As at March 31, 2017
i	**Contingent liabilities**			
	a	Claims against the Company not acknowledged as debts	**592.7**	355.0
	b	Liabilities disputed - appeals filed with respect to :		
		Income tax on account of disallowances / additions	**47,107.7**	45,998.3
		Sales tax on account of rebate / classification	**122.5**	45.7
		Excise duty on account of valuation / cenvat credit	**1,055.0**	1,102.2
		ESIC contribution on account of applicability	**130.5**	132.8
	Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Company		**3,488.2**	3,488.2
	Demand by JDGFT for import duty with respect to import alleged to be in excess of entitlement as per the advanced license scheme		**17.4**	16.7
	Fine imposed for anti-competitive settlement agreement by European Commission		**830.7**	715.4
	Octroi demand on account of rate difference		**171.0**	171.0
	Other matters - state electricity board, Punjab Land Preservation Act related matters etc.		**77.4**	67.5
	Note : includes, interest till the date of demand, wherever applicable			
	Legal proceedings : The Company and/or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to conduct of its business. Most of these legal proceedings involve various complex issues on account of which, making a reliable estimate of the expected financial effect is not always attainable and involves significant uncertainties. To the extent that the Company concludes that a liability is probable and estimable based on the status of these cases, advice of the counsel, management assessment of the likely damages etc. the Company records a provision in the financial statements. The Company carries product liability insurance / is contractually indemnified by the manufacturer, for an amount it believes is sufficient for its needs. In respect of other claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters are not expected to have material adverse effect on its Financial Statements.			
	Footnote:			
	Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.			

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

₹ in Million

			As at March 31, 2018	As at March 31, 2017
ii	**Commitments**			
	a	Estimated amount of contracts remaining to be executed on capital account [net of advances]	**3,062.4**	4,235.4
	b	Uncalled liability on partly paid investments	**0.5**	0.5
	c	For derivatives related commitments refer Note 45		
	d	For non-cancellable lease related commitments refer Note 49		
	e	Letters of credit for imports	**1,060.5**	2,312.0
iii	**Guarantees given by the bankers on behalf of the Company**		**2,434.4**	1,962.7

NOTE : 41 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Revenue, net (excluding depreciation) (Refer Note 38)	**7,740.7**	8,281.7
Capital	**1,591.0**	1,392.3
Total	**9,331.7**	**9,674.0**

NOTE : 42 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2018		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments / bonds - quoted	-	498.6	-
Equity instruments / preference shares / mutual fund - unquoted	828.3	-	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Loans to related parties	-	-	53.4
Loans to employees / others	-	-	501.3
Deposits - pledged with government authorities	-	-	1.0
Security deposits	-	-	420.6
Trade receivables	-	-	28,469.6
Cash and cash equivalents	-	-	1,094.3
Bank balances other than cash and cash equivalents	-	-	458.4
Interest accrued	-	-	9.9
Other receivables	-	-	184.3
Mandatorily measured :			
Derivatives not designated as hedges	756.8	-	-
	1,585.1	498.6	31,192.8
Financial liabilities			
Borrowings	-	-	68,840.1
Interest accrued	-	-	49.1
Trade payables	-	-	24,899.4
Unpaid dividends	-	-	86.4
Security deposits	-	-	118.3
Payables on purchase of property, plant and equipment	-	-	1,150.1
Product settlement, claims, recall charges and trade commitments	-	-	16,027.2
Mandatorily measured :			
Derivatives not designated as hedges	90.3	-	-
	90.3	-	111,170.6

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

₹ in Million

	As at March 31, 2017		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments / bonds - quoted	-	665.2	-
Equity instruments / preference shares / mutual fund - unquoted	802.7	-	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Loans to related parties	-	-	-
Loans to employees / others	-	-	187.2
Deposits - pledged with government authorities	-	-	1.6
Security deposits	-	-	412.8
Trade receivables	-	-	27,147.0
Cash and cash equivalents	-	-	1,533.3
Bank balances other than cash and cash equivalents	-	-	169.5
Interest accrued	-	-	0.8
Insurance claim receivables	-	-	1.6
Other receivables	-	-	40.5
Mandatorily measured :			
Derivatives not designated as hedges	1,205.8	-	-
	2,008.5	**665.2**	**29,494.3**
Financial liabilities			
Borrowings	-	-	60,466.1
Interest accrued	-	-	69.9
Trade payables	-	-	20,726.0
Unpaid dividends	-	-	76.7
Security deposits	-	-	135.4
Payables on purchase of property, plant and equipment	-	-	1,152.9
Product settlement, claims, recall charges and trade commitments	-	-	14,298.5
Derivatives designated as hedges	-	26.6	-
Mandatorily measured :			
Derivatives not designated as hedges	72.6	-	-
	72.6	**26.6**	**96,925.5**

NOTE : 43 FAIR VALUE HIERARCHY

₹ in Million

	As at March 31, 2018		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	**172.3**	**-**	**-**
Investments in equity - unquoted	**-**	**-**	**7.6**
Investments in government securities	**326.3**	**-**	**-**
Investments in preference shares	**-**	**-**	**400.0**
Mutual funds	**420.7**	**-**	**-**
Derivatives not designated as hedges	**-**	**756.8**	**-**
	919.3	**756.8**	**407.6**
Financial liabilities			
Derivatives not designated as hedges	**-**	**90.3**	**-**
	-	**90.3**	**-**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

₹ in Million

	As at March 31, 2017		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	105.1	-	-
Investments in equity - unquoted	-	-	2.6
Investments in government securities	560.1	-	-
Investments in preference shares	-	-	400.0
Mutual funds	400.1	-	-
Derivatives not designated as hedges	-	1,205.8	-
	1,065.3	**1,205.8**	**402.6**
Financial liabilities			
Derivatives not designated as hedges	-	72.6	-
Derivatives designated as hedges	-	26.6	-
	-	**99.2**	**-**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximates the fair value because there is wide range of possible fair value measurements and the costs represents estimate of fair value within that range.

These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at fair value through other comprehensive income as the management believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

There were no transfers between Level 1 and 2 in the periods.

The management considers that the carrying amount of financial assets and financial liabilities carried at amortised cost approximates their fair value.

Reconciliation of Level 3 fair value measurements

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Unlisted shares valued at fair value		
Balance at the beginning of the year	**402.6**	402.6
Purchases	**5.0**	-
Issues	**-**	-
Disposal / settlements	**-**	-
Balance at the end of the year	**407.6**	**402.6**

NOTE : 44 CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents, term deposits and current investments as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

(i) Debt equity ratio

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Debt (includes non-current, current borrowings and current maturities of long-term debt)	**68,840.1**	60,466.1
Less : cash and cash equivalents, term deposits and current investments	**1,602.5**	1,971.4
Net debt	**67,237.6**	**58,494.7**
Total equity, including reserves	**197,701.0**	**210,124.7**
Net debt to total equity ratio	**34.0%**	**27.8%**

(ii) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend on equity shares		
Final dividend for the year ended March 31, 2017 of ₹ 3.5 (year ended March 31, 2016 : ₹ 1.0) per fully paid share	**7,977.4**	2,406.8
Dividend distribution tax on above	**3.4**	74.7
Dividends not recognised at the end of the reporting period		
The Board of Directors at it's meeting held on May 25, 2018 have recommended payment of final dividend of ₹ 2 per share of face value of ₹ 1 each for the year ended March 31, 2018. The same amounts to ₹ 4,798.7 Million. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

NOTE : 45 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any significant losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

Trade receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	**22,346.4**	20,941.3
180 - 365 days	**5,347.6**	3,556.8
beyond 365 days	**2,351.1**	3,858.6
Total	**30,045.1**	**28,356.7**

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	**1,209.7**	1,304.5
Addition	**636.5**	72.6
Recoveries	**(270.7)**	(167.4)
Balance at the end of the year	**1,575.5**	**1,209.7**

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired. The Company has recognised an allowance of ₹ 4.5 Million (March 31, 2017 : ₹ 731.4 Million) against a past due loan including interest.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has unutilised working capital lines from banks of ₹ 41,769.0 Million as on March 31, 2018, ₹ 32,128.0 Million as on March 31, 2017.

The table below provides details regarding the contractual maturities of significant financial liabilities :

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2018
Non derivative				
Borrowings	**53,923.8**	**12,985.5**	**2,672.9**	**69,582.2**
Trade payables	**24,899.4**	**-**	**-**	**24,899.4**
Other financial liabilities	**17,422.0**	**9.1**	**-**	**17,431.1**
	96,245.2	**12,994.6**	**2,672.9**	**111,912.7**
Derivative				
Forward exchange contracts	**90.3**	**-**	**-**	**90.3**
	90.3	**-**	**-**	**90.3**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2017
Non derivative				
Borrowings	53,042.1	7,555.7	75.7	**60,673.5**
Trade payables	20,726.0	-	-	**20,726.0**
Other financial liabilities	15,726.6	6.8	-	**15,733.4**
	89,494.7	**7,562.5**	**75.7**	**97,132.9**
Derivative				
Forward exchange contracts	99.2	-	-	**99.2**
	99.2	**-**	**-**	**99.2**

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars, Euros, South African Rand and Russian Rouble) and foreign currency borrowings (primarily in US Dollars). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, option contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

a) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents, borrowings and trade payables

₹ in Million

	As at March 31, 2018					
	US Dollars	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	**11,616.8**	**2,324.6**	**1,623.0**	**5,759.4**	**1,351.6**	**22,675.4**
Cash and cash equivalents	**171.0**	**91.8**	**40.0**	**-**	**15.5**	**318.3**
	11,787.8	**2,416.4**	**1,663.0**	**5,759.4**	**1,367.1**	**22,993.7**
Financial liabilities						
Borrowings	**33,698.7**	**1,609.4**	**-**	**-**	**-**	**35,308.1**
Trade payables	**6,343.2**	**1,595.1**	**3.0**	**185.3**	**584.9**	**8,711.5**
Product settlement, claims, recall charges and trade commitments	**16,027.2**	**-**	**-**	**-**	**-**	**16,027.2**
	56,069.1	**3,204.5**	**3.0**	**185.3**	**584.9**	**60,046.8**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

₹ in Million

	As at March 31, 2017					
	US Dollars	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	11,804.4	1,918.4	1,723.5	5,046.2	1,117.9	**21,610.4**
Cash and cash equivalents	909.6	37.3	18.0	-	11.7	**976.6**
	12,714.0	**1,955.7**	**1,741.5**	**5,046.2**	**1,129.6**	**22,587.0**
Financial liabilities						
Borrowings	37,356.5	-	-	-	-	**37,356.5**
Trade payables	4,828.8	882.5	0.3	161.4	270.1	**6,143.1**
Product settlement, claims, recall charges and trade commitments	14,298.5	-	-	-	-	**14,298.5**
	56,483.8	**882.5**	**0.3**	**161.4**	**270.1**	**57,798.1**

b) Sensitivity

For the years ended March 31, 2018 and March 31, 2017, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would decrease the Company's loss and increase the Company's equity by approximately ₹ 1,852.7 Million and ₹ 1,760.6 Million respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c) Derivative contracts

The Company is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily in US Dollars, Euros, South African Rand and Russian Rouble, and foreign currency debt is primarily in US Dollars. The Company uses foreign currency forward contracts, foreign currency option contracts and currency swap contracts (collectively, "derivatives") to mitigate its risk of changes in foreign currency exchange rates. The counterparty for these contracts is generally a bank or a financial institution.

Hedges of highly probable forecasted transactions

The Company designates its derivative contracts that hedge foreign exchange risk associated with its highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the statement of profit and loss.

In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded a gain of ₹ 26.6 Million for the year ended March 31, 2018 and loss of ₹ 26.6 Million for the year ended March 31, 2017 in other comprehensive income. The Company also recorded hedges as a component of revenue, loss of ₹ Nil for the year ended March 31, 2018 and ₹ 521.5 Million for the year ended March 31, 2017 on occurrence of forecasted sale transaction.

Changes in the fair value of forward contracts and option contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the statement of profit and loss. The changes in fair value of the forward contracts and option contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognised in the statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts -

Amount in Million

	Currency	Buy / Sell	Cross Currency	As at March 31, 2018	As at March 31, 2017
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	USD	-	$ 22.0
Derivatives not designated as hedges					
Forward contracts	USD	Buy	INR	**$ 18.2**	$ 22.5
Forward contracts	AUD	Sell	USD	**$ 8.2**	$ 1.3
Forward contracts	RUB	Sell	USD	**$ 5.0**	$ 12.0
Forward contracts	GBP	Sell	USD	**$ 2.8**	$ 0.0
Forward contracts	ZAR	Sell	USD	**$ 21.0**	-
Forward contracts	CAD	Sell	USD	**$ 3.6**	-
Currency cum interest rate swaps	USD	Buy	INR	**$ 50.0**	$ 50.0
Currency options	USD	Buy	INR	**$ 100.0**	$ 100.0
Interest rate swaps	USD	Buy	INR	**$ 150.0**	$ 150.0

Interest rate risk

The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The Company's Treasury Department monitors the interest rate movement and manages the interest rate risk by evaluating interest rate swaps etc. based on the market / risk perception.

For the years ended March 31, 2018 and March 31, 2017, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would decrease the Company's loss by approximately ₹ 122.2 Million and ₹ 160.5 Million respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2018, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE : 46 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year	**105.5**	123.2
	(Interest - Nil)	(Interest - Nil)
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	105.5	**123.2**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 47 EARNINGS PER SHARE

	Year ended March 31, 2018	Year ended March 31, 2017
Loss for the year (₹ in million)- used as numerator for calculating earnings per share	**(4,945.9)**	(228.4)
Weighted average number of shares used in computing basic earnings per share (A)	**2,399,296,653**	2,403,319,673
Add : Dilution effect of employee stock options (B)	**65,420**	203,455
Weighted average number of shares used in computing diluted earnings per share (A+B)	**2,399,362,073**	2,403,523,128
Nominal value per share (in ₹)	**1**	1
Basic earnings per share (in ₹)	**(2.1)**	(0.1)
Diluted earnings per share (in ₹)	**(2.1)**	(0.1)

Since the Company has loss for the year and in the previous year, the impact of employee stock option is anti dilutive. Therefore the basic and diluted earnings per share are the same.

NOTE : 48 EMPLOYEE BENEFIT PLANS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Scheme (ESIC) and other Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other Statutory Funds are made only by the Company. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 676.3 Million (March 31, 2017 : ₹ 613.7 Million).

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to Provident Fund and Family Pension Fund	**566.3**	511.7
Contribution to Superannuation Fund	**72.7**	74.9
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	**36.9**	27.0
Contribution to Labour Welfare Fund	**0.4**	0.1

Defined benefit plan

a) Gratuity

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund. The Company decides its contribution based on the results of its annual review. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

b) Pension fund

The Company has an obligation towards pension, a defined benefit retirement plan, with respect to certain employees, who had already retired before March 01, 2013, will continue to receive the pension as per the pension plan.

Risks

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

i) Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. However, the risk is partially mitigated by investment in LIC managed fund.

ii) Interest rate risk - A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

iii) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

iv) Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Other long term benefit plan

Actuarial Valuation for Compensated absences is done as at the year end and the provision is made as per Company rules with corresponding (gain) / charge to the statement of profit and loss amounting to ₹ (78.7) Million (March 31, 2017: ₹ 331.3 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined as at the year end using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in other comprehensive income whereas gains and losses in respect of other long term employee benefit plans are recognised in profit or loss.

₹ in Million

	Year ended March 31, 2018		Year ended March 31, 2017		
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Provident Fund (Funded)	Gratuity (Funded)
Expense recognised in the statement of profit and loss (Refer Note 35)					
Current service cost	-	266.8	-	-	180.9
Interest cost	66.0	196.5	70.2	592.6	171.7
Expected return on plan assets	-	(131.5)	-	(598.5)	(147.2)
Recognition of unrecognised liabilities of earlier years	-	-	-	-	-
Excess of planned assets over commitments not recognised in financial statements	-	-	-	5.9	-
Expense charged to the statement of profit and loss	66.0	331.8	70.2	-	205.4
Remeasurement of defined benefit obligation recognised in other comprehensive income					
Actuarial loss / (gain) on defined benefit obligation	(44.4)	(581.8)	56.2	-	560.7
Actuarial gain on plan assets	-	(38.1)	-	-	(16.1)
Expense/(income) charged to other comprehensive income	(44.4)	(619.9)	56.2	-	544.6
Reconciliation of defined-benefit obligations					
Obligation as at the beginning of the year	969.5	2,885.3	930.7	4,598.6	2,169.0
Impact of merger	-	-	-	-	8.2
Current service cost	-	266.8	-	-	180.9
Interest cost	66.0	196.5	70.2	592.6	163.5
Obligations transferred	-	-	-	1.8	-
Benefits paid	(87.4)	(141.0)	(87.6)	(507.6)	(197.0)
Obligation transferred to regional provident fund, net of accumulated unrecognised gains	-	-	-	(4,685.4)	-
Actuarial (gains)/losses on obligations					
- due to change in demographic assumptions	-	(114.2)	-	-	61.7
- due to change in financial assumptions	(50.0)	(406.5)	54.5	-	398.0
- due to experience	5.6	(61.1)	1.7	-	101.0
Obligation as at the year end	903.7	2,625.8	969.5	-	2,885.3

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

₹ in Million

	As at March 31, 2018 Gratuity (Funded)	As at March 31, 2017 Provident Fund (Funded)	As at March 31, 2017 Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the Balance sheet			
Present value of commitments (as per Actuarial Valuation)	**2,625.8**	-	2,885.3
Fair value of plan assets	**(2,550.4)**	-	(1,930.7)
Excess of planned assets over commitments not recognised	**-**	-	-
Net liability recognised in the financial statement	**75.4**	-	954.6

₹ in Million

	Year ended March 31, 2018 Gratuity (Funded)	Year ended March 31, 2017 Provident Fund (Funded)	Year ended March 31, 2017 Gratuity (Funded)
Reconciliation of plan assets			
Plan assets as at the beginning of the year	**1,930.7**	4,632.8	1,728.0
Impact of merger			16.8
Expected return	**131.5**	598.5	130.4
Plan assets transferred	**-**	1.8	-
Actuarial gain	**38.1**	-	16.1
Employer's Contribution during the year	**591.1**	-	236.4
Benefits paid	**(141.0)**	(507.6)	(197.0)
Funds transferred to regional provident fund	**-**	(4,725.5)	-
Plan assets as at the year end	**2,550.4**	-	1,930.7

₹ in Million

	As at March 31, 2018		As at March 31, 2017	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Discount rate	**7.50%**	**7.50%**	6.81%	6.81%
Expected return on plan assets	**N.A.**	**7.50%**	N.A.	6.81%
Expected rate of salary increase	**N.A.**	**11.65%**	N.A.	14.50%
Interest rate guarantee	**N.A.**	**N.A.**	N.A.	N.A.
Mortality	**Indian Assured Lives Mortality (2006-08)**	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal	**N.A.**	**15.00%**	N.A.	13.50%
Retirement Age (years)	**N.A.**	**60**	N.A.	60

₹ in Million

	As at March 31, 2018		As at March 31, 2017	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity analysis:				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	**(68.2)**	**(113.6)**	(73.2)	(167.7)
Delta effect of -1% change in discount rate	**80.2**	**125.8**	86.0	189.7
Delta effect of +1% change in salary escalation rate	**-**	**119.8**	-	174.6
Delta effect of -1% change in salary escalation rate	**-**	**(110.5)**	-	(158.4)
Delta effect of +1% change in rate of employee turnover	**-**	**(28.9)**	-	(71.6)
Delta effect of -1% change in rate of employee turnover	**-**	**31.7**	-	80.3

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

₹ in Million

	As at March 31, 2018		As at March 31, 2017	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Maturity analysis of projected benefit obligation				
31-Mar-19	**87.4**	**461.2**	87.4	401.2
31-Mar-20	**100.3**	**292.4**	100.4	253.8
31-Mar-21	**115.2**	**305.2**	115.3	282.0
31-Mar-22	**132.3**	**295.8**	132.5	283.2
31-Mar-23	**151.9**	**273.8**	152.1	281.0
Thereafter	**174.4**	**1,138.5**	174.8	1,276.5
The major categories of plan assets are as under				
Central government securities	**-**	**9.9**	-	20.9
Bonds and securities of public sector / financial institutions	**-**	**67.3**	-	69.3
Insurer managed funds (Funded with LIC, break-up not available)	**-**	**2,459.2**	-	1,818.3
Surplus fund lying uninvested	**-**	**14.0**	-	22.2

The contribution expected to be made by the Company for gratuity, during financial year ending March 31, 2019 is ₹ 241.1 Million (March 31, 2018 : ₹ 372.9 Million)

NOTE : 49 LEASES

(a) The Company has given certain premises and plant and equipment under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 10 years under leave and licence / lease and are renewable by mutual consent on mutually agreeable terms. The Company has received refundable interest free security deposits where applicable in accordance with the agreed terms. (b) The Company has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 10 years under leave and licence, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. These refundable security deposits have been valued at amortised cost under relevant Ind AS (c) Lease receipts / payments are recognised in the statement of profit or loss under "Lease rental and hire charges" & "Rent" in Note 32 and 37 respectively. (d) The future minimum lease payments in respect of assets taken on non cancellable operating leases are as under -

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Not later than one year	**-**	17.1
Later than one year and not later than five years	**-**	-
Later than five years	**-**	-
	-	**17.1**

NOTE : 50 EMPLOYEE SHARE-BASED PAYMENT PLANS

Erstwhile Ranbaxy Laboratories Limited (RLL) had Employee Stock Option Schemes ("ESOS's") namely, Employees Stock Option Scheme -II (ESOS-II), Employees Stock Option Scheme 2005 (ESOS 2005) and Employees Stock Option Plan 2011 (ESOP 2011) for the grant of stock options to the eligible employees and Directors of the Erstwhile RLL and its subsidiaries. ESOS-II had been discontinued from 17th January, 2015. The ESOS's are administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

ESOS 2005 provided that the grant price of options would be the latest available closing price on the stock exchange on which the shares of the erstwhile RLL were listed, prior to the date of the meeting of the Committee in which the options were granted. If the shares are listed on more than one stock exchange, then the stock exchange where there was highest trading volume on the said date were considered. The options vested evenly over a period of five years from the date of grant. Options lapse, if they are not exercised prior to the expiry date, which was ten years from the date of grant.

ESOP 2011 provided that the grant price of options would be the face value of the equity share i.e. ₹ 5 per share. The options vested evenly over a period of three years from the date of grant. Options lapse, if they were not exercised prior to the expiry date, which was three months from the date of the vesting. An ESOP Trust had been formed to administer ESOP 2011. Shares issued to the ESOP Trust were allocated to the eligible employees upon exercise of stock options from time to time.

The Shareholders' Committee of Erstwhile RLL had approved issuance of options under the ESOS's as per details given below:

Date of approval	Scheme	Original No. of options approved
25 June 2003	ESOS-II	4,000,000
30 June 2005	ESOS 2005	4,000,000
09 May 2011	ESOP 2011	3,000,000

In accordance with the above approval of issuance of options, stock options have been granted from time to time.

The stock options outstanding as on June 30, 2005 are proportionately adjusted in view of the sub-division of equity shares of the Erstwhile RLL from the face value of ₹ 10 each into 2 equity shares of ₹ 5 each.

Pursuant to the Scheme of Amalgamation, Sun Pharmaceutical Industries Limited ('transferee company') formulated two Employee Stock Option Schemes, namely, (i) SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) to administer ESOS 2005 (ii) SUN Employee Stock Option Plan-2015 (SUN-ESOP 2015) to administer ESOP 2011. These scheme provide that the number of transferee options issued shall equal to the product of number of transferor options outstanding on effectiveness of Scheme multiplied by the Share exchange ratio (0.80) and each transferee option shall have an exercise price per equity share equal to transferor option exercise price per equity shares divided by the share exchange ratio (0.80) and fractions rounded off to the next higher whole number. The terms and conditions of ESOS, of transferee company are not less favourable than those of ESOS's of erstwhile RLL. No new grants shall be made under these schemes and these schemes shall operate only for the purpose of administering the exercise of options already granted / vested on an employee pursuant to SUN-ESOS 2015 and SUN-ESOP 2015.

The movement of the options (post split) granted under SUN-ESOS 2015

	March 31, 2018			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	**401,678**	**270.0-562.5**	**462.9**	**1.9**
Exercised during the year $	**(18,893)**	**270.0-562.5**	**480.5**	**-**
Lapsed during the year	**(119,105)**	**270.0-562.5**	**488.1**	**-**
Outstanding at the end of the year *	**263,680**	**270.0-562.5**	**450.3**	**1.5**
Exercisable at the end of the year *	**263,680**	**270.0-562.5**	**450.3**	**1.5**

* Includes options exercised, pending allotment
$ Weighted average share price on the date of exercise ₹ 565.14

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

	March 31, 2017			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	610,739	270.0-703.0	480.9	2.5
Exercised during the year $	(62,682)	270.0-562.5	500.1	-
Lapsed during the year	(146,379)	270.0-562.5	521.7	-
Outstanding at the end of the year *	401,678	270.0-562.5	462.9	1.9
Exercisable at the end of the year *	401,678	270.0-562.5	462.9	1.9

* Includes options exercised, pending allotment

$ Weighted average share price on the date of exercise ₹ 690.23

The movement of the options (post split) granted under SUN-ESOP 2015

	March 31, 2018			
	Stock options (numbers)	Exercise price (₹)	Weighted-average exercise price (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	**52,284**	**6.3**	**6.3**	**0.4**
Forfeited during the year	**(168)**	**6.3**	**6.3**	**-**
Exercised during the year #	**(43,472)**	**6.3**	**6.3**	**-**
Lapsed during the year	**(8,644)**	**6.3**	**6.3**	**-**
Outstanding, end of the year	**-**	**-**	**-**	**-**

\# Weighted average share price on the date of exercise ₹ 562.58

	March 31, 2017			
	Stock options (numbers)	Exercise price (₹)	Weighted-average exercise price (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	169,913	6.3	6.3	1.1
Forfeited during the year	(11,179)	6.3	6.3	-
Exercised during the year #	(93,015)	6.3	6.3	-
Lapsed during the year	(13,435)	6.3	6.3	-
Outstanding, end of the year *	**52,284**	**6.3**	**6.3**	**0.4**
Exercisable at the end of the year *	941	6.3	6.3	-

* Includes options exercised, pending allotment

\# Weighted average share price on the date of exercise ₹ 802.00

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

During the current year, the Company has recorded a Stock-based employee compensation expense / (gain) of ₹ (1.0) Million (March 31, 2017 : ₹ 30.8 Million). The amount has been determined under a fair value method wherein the grant date fair value of the options was calculated by using Black Scholes pricing model.

The following table summarizes the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2015: @@

Particulars	Year ended March 31, 2015
Grant Date	08-May-14
Dividend yield	0.43%
Expected life of options from the date(s) of grant	1.25, 2.25 and 3.25 years
Risk free interest rate	8.57% (1.25 years)
	8.65% (2.25 years)
	8.71% (3.25 years)
Expected volatility	40.47%
Grant date fair value	₹ 462.39 (1.25 years)
	₹ 460.79 (2.25 years)
	₹ 459.16 (3.25 years)

@@ Assumptions used are as applicable at the date of grant in the context of erstwhile RLL

The Black Scholes option-pricing model was developed for estimating fair value of trade options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessary provide a reliable measure of fair value of options. The volatility in the share price is based on volatility of historical stock price of the erstwhile RLL for last 60 months.

NOTE : 51 BORROWINGS

(A) Details of long-term borrowings and current maturities of long-term debt (included under other current financial liabilities)

(I) Unsecured External Commercial Borrowings (ECBs) has 5 loans aggregating of USD 256 Million (March 31, 2017 : USD 256 Million) equivalent to ₹ 16,622.1 Million (March 31, 2017 : ₹ 16,602.9 Million). For the ECB loans outstanding as at March 31, 2018, the terms of repayment for borrowings are as follows:

(a) USD Nil (March 31, 2017 : USD 10 Million) equivalent to ₹ Nil (March 31, 2017 : ₹ 648.6 Million). The loan was taken on June 30, 2011 and is repayable in 3 equal installments of USD 10 Million each at the end of 4th year, 5th year and 6th year. Last installment of USD 10 Million has been repaid in current year. First and second installment of USD 10 Million each has been repaid in previous years.

(b) USD Nil (March 31, 2017 : USD 30 Million) equivalent to ₹ Nil (March 31, 2017 : ₹ 1,945.7 Million). The loan was taken on September 9, 2015 and has been repaid in current year.

(c) USD 100 Million (March 31, 2017 : USD 100 Million) equivalent to ₹ 6,493.0 Million (March 31, 2017 : ₹ 6,485.5 Million). The loan was taken on June 4, 2013 and is repayable in 3 installments viz., the first installment of USD 30 Million is due on May 31, 2020, second installment of USD 30 Million is due on November 30, 2020 and last installment of USD 40 Million is due on November 30, 2021.

(d) USD 50 Million (March 31, 2017 : USD 50 Million) equivalent to ₹ 3,246.5 Million (March 31, 2017 : ₹ 3,242.7 Million). The loan was taken on August 11, 2015 and is repayable on August 8, 2019.

(e) USD 30 Million (March 31, 2017 : USD Nil) equivalent to ₹ 1,947.9 Million (March 31, 2017 : ₹ Nil). The loan was taken on September 08, 2017 and is repayable on September 07, 2020.

(f) USD 26 Million (March 31, 2017 : USD 16 Million) equivalent to ₹ 1,688.2 Million (March 31, 2017 : ₹ 1,037.7 Million). The loan was taken in tranches of USD 16 Million on March 24, 2017 and USD 10 Million on June 30, 2017. The loan is repayable in 2 installments viz., the first installment of USD 16 Million is due on March 22, 2019 and last installment of USD 10 Million is due on June 28, 2019.

(g) USD 50 Million (March 31, 2017 : USD 50 Million) equivalent to ₹ 3,246.5 Million (March 31, 2017 : ₹ 3,242.7 Million). The loan was taken on September 20, 2012 and is repayable in 2 equal installments of USD 25 Million each. The first installment of USD 25 Million is due on September 20, 2019 and last installment of USD 25 Million is due on September 18, 2020.

(II) Unsecured Loan under Foreign Currency Non Resident (FCNR B) Scheme of USD Nil (March 31, 2017 : USD 50 Million) equivalent to ₹ Nil (March 31, 2017 : ₹ 3,242.8 Million). The loan was taken on August 19, 2015 and has been repaid in current year.

(III) Secured term loan from department of biotechnology of ₹ 108.2 Million (March 31, 2017 : ₹ 108.2 Million) has been secured by hypothecation of all assets of the Company. The loan is repayable in 10 equal half yearly installments commencing from December 14, 2019, last installment is due on June 14, 2024.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

The Company has not defaulted on repayment of loan and interest payment thereon during the year. The aforementioned unsecured ECBs are availed from various banks at floating rate linked to Libor (2.26% as at March 31, 2018) and secured loan from department of biotechnology have been availed at a range from 2% to 3%.

(B) Details of securities for Short term borrowings are as follows:

As on March 31, 2017, secured short term borrowings had first charge on a pari-passu basis, by hypothecation of inventories and receivables, both present and future. The charge has been relinquished during the year ended March 31, 2018.

NOTE : 52 RELATED PARTY DISCLOSURES (IND AS 24) AS PER ANNEXURE "A"

NOTE : 53 LOANS / ADVANCES GIVEN TO SUBSIDIARIES AND ASSOCIATES

₹ in Million

	As at March 31, 2018	Maximum balance March 31, 2018	As at March 31, 2017	Maximum balance March 31, 2017
Loans / advances outstanding from subsidiaries				
Green Eco Development Centre Ltd	-	-	-	4.8
Zenotech Laboratories Limited, India	**53.4**	**53.4**	-	-
Loans / advances outstanding from an associate				
Loans				
Interest bearing with specified payment schedule:				
Zenotech Laboratories Limited, India *	-	**726.9**	-	726.9
Considered doubtful	-	-	726.9	-
Less: Provision for doubtful loans / advances	-	-	726.9	-
	-		-	

* includes interest accrued on loans amounting to ₹ 214.9 Million.
These loans have been granted to the above entities for the purpose of their business.

NOTE : 54

In respect of any present obligation as a result of past event that could lead to a probable outflow of resources, provisions has been made, which would be required to settle the obligation. The said provisions are made as per the best estimate of the management and disclosure as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets" has been given below :

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
	Product and Sales related *	Product and Sales related *
At the commencement of the year	**24,997.0**	26,206.6
Add: Provision for the year	**770.6**	840.0
Add: Unwinding of discounts on provisions	**265.8**	437.8
Add / (less): Foreign currency exchange fluctuation	**29.8**	(486.8)
Less: Utilisation / settlement	**(2,520.5)**	(2,000.6)
At the end of the year	**23,542.7**	**24,997.0**

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

NOTE : 55

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹ 27.0 Million (Previous Year ₹ 24.1 Million).

NOTE : 56

1 Zenotech Laboratories Limited ('Zenotech'), an associate of the Company, undertook a rights issue of its equity shares in which the Company participated and subscribed to equity shares worth ₹ 855 Million. On account of such participation, Zenotech became a subsidiary of the Company effective July 25, 2017. In compliance with the relevant provisions of IND AS 103, the Company has reversed impairment in the books to the extent of fair value of equity shares determined on the basis of rights issue price amounting to ₹ 725.7 Million.

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

3 The Company is a defendant in respect of a civil antitrust litigation relating to a product Modafinil, in which the plaintiff's have alleged that the Company excluded its generic version of Modafinil from the US market and hence have claimed damages under the Sherman Act of US. This case is pending in the United States District Court for the Eastern District of Pennsylvania. The Company and one of its wholly owned subsidiaries entered into settlements with certain plaintiffs (Apotex Corporation and Retailer Purchasers) in the month of July 2017 and September 2017 whereby the Company agreed to pay an aggregate amount of USD 147 Million (₹ 9,505.0 Million). This amount has been provided for in the standalone financial statements and disclosed as an exceptional item. The Company continues to litigate the case against the other plaintiff's (other than those settled).

4 Out of a MAT credit entitlement of ₹ 8,222.7 Million which was written down by the erstwhile RLL during the quarter ended December 31, 2014, an amount of ₹ 7,517.0 Million was recognised by the Company in the year ended March 31, 2015, on a reassessment by the Management, based on convincing evidence that the combined amalgamated entity would pay normal income tax during the specified period and would therefore be able to utilize the MAT credit entitlement so recognised.

5 Since the US-FDA import alert at Karkhadi facility in March 2014, the Company remained fully committed to implement all corrective measures to address the observations made by the US-FDA with the help of third party consultant. Substantial progress has been made at the Karkhadi facility in terms of completing all the action items to address the observations made by the US-FDA in its warning letter issued in May 2014. The Company is continuing to work closely and co-operatively with the US-FDA to resolve the matter. The contribution of this facility to Company's revenues is not significant.

6 The US-FDA, on January 23, 2014, had prohibited using API manufactured at Toansa facility for manufacture of finished drug products intended for distribution in the U.S. market. Consequentially, the Toansa manufacturing facility was subject to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In addition, the Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey had also issued an administrative subpoena dated March 13, 2014 seeking information primarily related to Toansa manufacturing facility for which a Form 483 containing findings of the US-FDA was issued in January 2014. The Company is continuing to fully co-operate and provide requisite information to the US DOJ.

7 In December 2015, the USFDA issued a warning letter to the manufacturing facility at Halol. Post the November 2016 inspection, the USFDA re-inspected Halol facility in February 2018. At the conclusion of the inspection, USFDA issued a Form-483 with three observations. The Company has submitted its response documenting the corrective measures to resolve the Form-483 observations. The Company continues to manufacture and distribute products to the U.S from Halol facility and at the same time is working closely and co-operatively with the USFDA to resolve the matter.

8 In September 2013, the USFDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In March 2017, the USFDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The facility will continue to demonstrate sustainable cGMP compliance for a fixed period of time as required by the consent decree. The Company has started manufacturing and distributing products to the U.S from Mohali facility.

9 In accordance with Ind AS 108 "Operating Segments", segment information has been given in the consolidated Ind AS financial statements, and therefore, no separate disclosure on segment information is given in these financial statements.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

10 The board of directors of the Company at its meeting held on May 25, 2018, approved the scheme of arrangement between the Company, Sun Pharma (Netherlands) B.V. and Sun Pharmaceutical Holdings USA Inc. (both being wholly owned subsidiaries of the Company) which inter-alia, envisages spin-off of the specified investment undertaking of the Company. Further, the board of directors of the Company at its meeting held on November 14, 2017, had approved the scheme of arrangement between Company and Sun Pharma Global FZE (wholly owned subsidiary of the Company) which inter-alia, envisages demerger of unbranded generic pharmaceutical undertaking of Sun Pharma Global FZE into the Company. The above schemes shall be effective post receipt of required approvals and accordingly, the above financial statements do not reflect the impact, if any, on account of the schemes.

11 Post implementation of Goods and Service Tax ("GST") with effect from July 01, 2017, sale of products is disclosed net of GST. Sale of products for the previous year included excise duty which is now subsumed in GST. Sale of products for the year ended March 31, 2018 includes excise duty for the period ended June 30, 2017. Accordingly, sale of products for the year ended March 31, 2018 are not comparable with year ended March 31, 2017.

12 The Company completed buy-back of 7,500,000 equity shares of ₹ 1 each (representing 0.31% of total pre buy back paid up equity capital) on October 18, 2016, from the shareholders on a proportionate basis by way of a tender offer at a price of ₹ 900 per equity share for an aggregate amount of ₹ 6750.0 Million in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 1998. This buyback of equity shares was approved by the Board of Directors of the Company at its meeting held on June 23, 2016.

13 The Board of Directors of the Company at their meeting held on November 10, 2016 and the shareholders and unsecured creditors of the Company at their respective meetings held on June 20, 2017 approved the proposed scheme of arrangement u/s 230 to 232 of the Companies Act, 2013 for amalgamation of Sun Pharma Medisales Private Limited, Ranbaxy Drugs Limited, Gufic Pharma Limited and Vidyut Investments Limited into the Company with effect from April 01, 2017, the appointed date. On completion of all the formalities of the merger of the above companies with the Company , the said merger became effective September 8, 2017.

Consequent to the amalgamation prescribed by the Scheme, all the assets and liabilities of transferor companies were transferred to and vested in the Company with effect from April 01, 2017 ("the Appointed Date")

The amalgamation was accounted under the "pooling of interest" method prescribed under Ind AS 103 - Business Combinations, as prescribed by the Scheme.

Accordingly, all the assets, liabilities and other reserves of transferor companies were aggregated with those of the Company at their respective book values from the earliest period presented. As prescribed by the Scheme no consideration was paid as the transferor Companies were wholly owned subsidiaries of the Company. Accordingly, the resultant difference amounting to ₹ 535.6 Million was credited to capital reserve account.

14 The Company has sold 175,000,000 (March 31, 2017 : 475,000,000) optionally convertible preference shares of Sun Pharma Holdings to wholly owned subsidiary Sun Pharma Laboratories Limited. The Company has recorded gain of ₹ 1,328 Million (March 31, 2017 : ₹ 2,307.8 Million).

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

per **PAUL ALVARES**
Partner
Membership No. : 105754
Mumbai, May 25, 2018

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

DILIP S. SHANGHVI
Managing Director

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 25, 2018

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

IND AS - 24 – "RELATED PARTY DISCLOSURES" ANNEXURE "A"

(I)	Names of related parties and description of relationships	
a	**Subsidiaries**	
	Green Eco Development Centre Limited	Dusa Pharmaceuticals New York, Inc. (Refer Footnote 4)
	Sun Pharmaceutical (Bangladesh) Limited	Sirius Laboratories Inc (Refer Footnote 4)
	Sun Pharmaceutical Industries, Inc.	Mutual Pharmaceutical Company Inc.
	Sun Farmaceutica Do Brasil Ltda.	Dungan Mutual Associates, LLC
	Sun Pharma De Mexico S.A. DE C.V.	URL PharmPro, LLC
	SPIL De Mexico S.A. DE C.V.	2 Independence Way LLC
	Sun Pharmaceutical Peru S.A.C.	Thallion Pharmaceutical Inc., (Refer Footnote 11)
	OOO "Sun Pharmaceutical Industries" Limited	Universal Enterprises Private Limited
	Sun Pharma De Venezuela, C.A.	Sun Pharma Switzerland Limited
	Sun Pharma Laboratories Limited	Sun Pharma East Africa Limited
	Faststone Mercantile Company Private Limited	Pharmalucence, Inc.
	Neetnav Real Estate Private Limited	PI Real Estate Ventures, LLC
	Realstone Multitrade Private Limited	Sun Pharma ANZ Pty Ltd (formerly known as Ranbaxy Australia Pty Ltd)
	Skisen Labs Private Limited	Ranbaxy Farmaceutica Ltda.
	Sun Pharma Holdings	Ranbaxy Pharmaceuticals Canada Inc.
	Softdeal Trading Company Private Limited	Sun Pharma Egypt Limited LLC (Formerly Known as Ranbaxy Egypt Ltd)
	Ranbaxy Pharmacie Generiques SAS	Rexcel Egypt LLC
	Ranbaxy Drugs Limited (Refer Footnote 6)	Office Pharmaceutique Industriel Et Hospitalier
	Vidyut Investments Limited (Refer Footnote 6)	Basics GmbH
	Gufic Pharma Limited (Refer Footnote 6)	Ranbaxy GmbH
	Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company) (Refer Footnote 5 & 6)	Ranbaxy Ireland Limited
	Ranbaxy (Malaysia) Sdn. Bhd.	Ranbaxy Italia S.P.A.
	Ranbaxy Nigeria Limited	Sun Pharmaceutical Industries S.A.C. (formerly known as Ranbaxy - PRP (Peru) S.A.C.)
	Sun Pharma (Netherlands) B.V. (Formerly known as Ranbaxy (Netherlands) B.V.)	Ranbaxy (Poland) Sp. Z o.o.
	Foundation for Disease Elimination and Control of India (Refer Footnote 2)	Terapia SA
	Zenotech Laboratories Limited (Refer Footnote 7)	AO Ranbaxy (formerly known as ZAO Ranbaxy)
	Chattem Chemicals Inc.	Ranbaxy South Africa (Pty) Ltd.
	The Taro Development Corporation	Ranbaxy Pharmaceutical (Pty) Ltd.
	Alkaloida Chemical Company Zrt.	Be-Tabs Investments (Pty) Ltd.
	Sun Pharmaceuticals UK Limited	Sonke Pharmaceuticals Proprietary Limited
	Sun Pharmaceutical Industries (Australia) Pty Limited	Laboratorios Ranbaxy, S.L.U.
	Aditya Acquisition Company Ltd.	Ranbaxy (U.K.) Limited
	Sun Pharmaceutical Industries (Europe) B.V.	Ranbaxy Holdings (U.K.) Limited
	Sun Pharmaceuticals Italia S.R.L.	Ranbaxy Europe Limited (Refer Footnote 12)
	Sun Pharmaceuticals Spain, S.L.U. (Refer Footnote 4)	Ranbaxy Inc.
	Sun Pharmaceuticals Germany GmbH	Ranbaxy Pharmaceuticals, Inc. (Refer Footnote 13)
	Sun Pharmaceuticals France	Ranbaxy (Thailand) Company Limited
	Sun Pharma Global FZE	Ohm Laboratories, Inc.
	Sun Pharmaceuticals (SA) (Pty) Ltd.	Ranbaxy Laboratories, Inc. (Refer Footnote 13)
	Sun Global Canada Pty. Ltd.	Ranbaxy Signature LLC
	Sun Pharma Philippines, Inc.	Sun Pharmaceuticals Morocco LLC (formerly known as Ranbaxy Morocco LLC)
	Sun Pharmaceuticals Korea Ltd.	"Ranbaxy Pharmaceuticals Ukraine" LLC
	Sun Global Development FZE	Perryton Wind Power LLC (Refer Footnote 4)
	Caraco Pharmaceuticals Private Limited	Insite Vision Incorporated
	Sun Pharma Japan Ltd.	Insite Vision Ltd. (Refer Footnote 3)
	Sun Pharma Healthcare FZE	Sun Pharmaceutical Medicare Limited (Refer Footnote 2)
	Morley & Company, Inc.	Ocular Technologies SARL (Refer Footnote 14)
	Sun Laboratories FZE	JSC Biosintez (Refer Footnote 2)
	Taro Pharmaceutical Industries Ltd. (TARO) (Refer Footnote 8)	Sun Pharmaceuticals Holdings USA, INC (Refer Footnote 2)
	Taro Pharmaceuticals Inc.	Zenotech Laboratories Nigeria Limited
	Taro Pharmaceuticals U.S.A., Inc.	Zenotech Inc
	Taro Pharmaceuticals North America, Inc.	Zenotech Farmaceutica Do Brasil Ltda

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

IND AS - 24 – "RELATED PARTY DISCLOSURES" ANNEXURE "A"

(I)	**Names of related parties and description of relationships**	
	Taro Pharmaceuticals Europe B.V.	
	Taro Pharmaceuticals Ireland Limited (Refer Footnote 9)	
	Taro International Ltd.	
	Taro Pharmaceuticals (UK) Limited (Refer Footnote 10)	
	Taro Hungary Intellectual Property Licensing Limited Liability Company (Refer Footnote 4)	
	3 Skyline LLC	
	One Commerce Drive LLC	
	Taro Pharmaceutical Laboratories Inc	
	Taro Pharmaceuticals Canada, Ltd.	
	Taro Pharmaceutical India Private Limited (Refer Footnote 3)	
	Alkaloida Sweden AB	
	Dusa Pharmaceuticals, Inc.	
	Names of related parties where there are transactions and description of relationships	
b	**Joint Ventures**	
	S & I Ophthalmic LLC (Refer Footnote 3)	
	Artes Biotechnology GmbH	
c	**Associate**	
	Zenotech Laboratories Limited (Refer Footnote 7)	
	Daiichi Sankyo (Thailand) Ltd. (Refer Footnote 15)	
	Medinstill Development LLC	
d	**Key Managerial Personnel (KMP)**	
	Dilip S. Shanghvi	Managing Director
	Sudhir V. Valia	Executive Director
	Sailesh T. Desai	Executive Director
	Israel Makov	Chairman and Non- Executive Director
	Kalyansundaram Subramanian (w.e.f. February 14, 2017)	Executive Director
e	**Non-Executive Directors**	
	S. Mohanchand Dadha	
	Hasmukh S. Shah (resigned w.e.f. November 15, 2017)	
	Keki M. Mistry	
	Ashwin S. Dani	
	Rekha Sethi	
	Vivek C. Sehgal (w.e.f. November 14, 2017)	
f	**Relatives of Key Managerial Personnel**	
	Aalok Shanghvi	
	Vidhi Shanghvi	
g	**Others (Entities in which the KMP and relatives of KMP have control or significant influence)**	
	Makov Associates Limited	
	Sun Pharma Advanced Research Company Limited.	
	Sun Petrochemicals Private Limited	
	Ramdev Chemicals Private Limited	
	Sidmak Laboratories (India) Private Limited	
	Aditya Medisales Limited	
	United Medisales Private Limited	

Footnote

1 Incorporated / Acquired during year

2 Incorporated / Acquired during the previous year

3 Dissolved / Liquidated during the year

4 Dissolved / Liquidated during the previous year

5 During the previous year Solrex Pharmaceuticals Company, a partnership firm has been converted into private limited company which is known as Sun Pharma Medisales Private Limited.

6 Pursuant to scheme of arrangement u/s 230 to 232 of Companies Act 2013, for amalgamation of Sun Pharma Medisales Private Limited, Ranbaxy Drugs Limited, Gufic Pharma Limited and Vidyut Investments Limited into the company with effect from April 01, 2017[Refer Note 56(13)].

7 Zenotech Laboratories Limited has ceased to be an associate and has become subsidiary of Sun Pharmaceutical Industries Limited with effect from July 27, 2017 [Refer Note 56(1)].

8 Holds voting power of 83.21% (beneficial ownership 74.82%) [March 31, 2017 81.87% (beneficial ownership 72.81%)]

9 Taro Pharmaceuticals Ireland Limited is under Liquidation.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

IND AS - 24 – "RELATED PARTY DISCLOSURES" ANNEXURE "A"

10 Taro Pharmaceuticals (UK) Limited is under Liquidation.
11 Thallion Pharmaceutical Inc., was acquired and merged with Taro Pharmaceuticals Inc. during the previous year.
12 Ranbaxy Europe Limited is under Liquidation.
13 Merged with Sun Pharmaceutical Industries Inc.
14 Merged with Sun Pharma Switzerland Limited.
15 Daiichi Sankyo (Thailand) Ltd.'s shares were sold during the previous year

(II) Detail of related party transaction during the year ended March 31, 2018:

₹ in Million

Type of Transaction	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of goods	2,035.4	1,432.8
Subsidiaries	1,885.9	1,404.6
Associates	-	12.9
Others	149.5	15.3
Purchase of property, plant and equipment	681.7	283.8
Subsidiaries	43.2	283.8
Others	638.5	-
Sale of goods	58,994.8	26,126.3
Subsidiaries	29,220.4	26,070.2
Associates	-	38.8
Others	29,774.4	17.3
Sale of property, plant and equipment	22.0	17.9
Subsidiaries	21.5	17.9
Others	0.5	-
Receiving of service	872.6	1,373.9
Subsidiaries	559.6	1,060.7
Joint ventures	40.9	-
Others	272.1	313.2
Reimbursement of expenses paid	10,758.3	1,160.2
Subsidiaries	10,693.4	1,142.4
Associates	5.7	2.8
Others	59.2	15.0
Rendering of service	964.1	860.3
Subsidiaries	785.8	712.5
Joint ventures	0.1	11.6
Others	178.2	136.2
Reimbursement of expenses received	152.6	203.8
Subsidiaries	110.5	162.3
Others	42.1	41.5
Purchase of Investment	855.0	7.7
Subsidiaries	855.0	7.7
Loans / Deposit given	-	0.4
Subsidiaries	-	0.4
Loans received back	512.0	4.8
Subsidiaries	512.0	4.8
Interest on loans received back	183.3	-
Subsidiaries	183.3	-
Advance given	2.5	-
Subsidiaries	2.5	-
Advance received back	2.5	-
Subsidiaries	2.5	-
Sales of investment	12,384.5	32,318.4
Subsidiaries	12,384.5	32,318.4
Loan taken	28,122.1	9,200.0
Subsidiaries	28,122.1	9,200.0
Loan repaid	22,655.1	17,219.9
Subsidiaries	22,655.1	17,219.9
Dividend income on preference shares	80.0	40.0
Subsidiaries	80.0	40.0
Dividend income on equity shares	8,074.8	2,000.7
Subsidiaries	8,074.8	2,000.7
Interest income	257.7	70.4
Subsidiaries (March 31, 2017 ₹ 24,066)	5.0	0.0
Associates	19.1	70.4
Others	233.6	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

IND AS- 24 - " RELATED PARTY DISCLOSURES " ANNEXURE "A"

Interest expense	**647.4**	**116.4**
Subsidiaries	**647.4**	116.4
Rent income	**26.6**	**23.5**
Subsidiaries	**17.6**	19.3
Others	**9.0**	4.2
Rent expense	**1.0**	**0.7**
Subsidiaries	**1.0**	0.7
Provision for doubtful loans and interest accrued and due on Loans	**-**	**63.4**
Associates	**-**	63.4
Provision in respect of losses of a subsidiary	**254.3**	**165.4**
Subsidiaries	**254.3**	165.4
Provision for diminution in the value of Investment (net)	**(562.2)**	**-**
Subsidiaries	**(562.2)**	-
Provision for doubtful debt	**27.8**	**-**
Subsidiaries	**27.8**	-
Remuneration	**(2.9)**	**90.6**
Key managerial personnel (*)	**(23.0)**	77.3
Relatives of key managerial personnel	**20.1**	13.3

(*) Remuneration to Key Managerial Personnel includes the refund received from Key Managerial Personnel in respect of excess remuneration paid for financial year 2014-15, 2015-16 & 2016-17.

III) Balance Outstanding as at the end of the year

₹ in Million

	As at March 31, 2018	As at March 31, 2017
Receivables	**23,901.0**	**15,518.0**
Subsidiaries	**20,406.9**	15,051.5
Others	**3,494.1**	466.5
Payable	**5,299.6**	**4,764.5**
Subsidiaries	**4,751.8**	4,176.2
Associates	**-**	137.7
Key managerial personnel	**2.7**	4.2
Relatives of key managerial personnel	**0.8**	0.6
Others	**544.3**	445.8
Loan taken	**6,049.7**	**-**
Subsidiaries	**6,049.7**	-
Loan given	**53.3**	**-**
Subsidiaries*	**53.3**	-
Deposit given	**62.5**	**62.5**
Subsidiaries	**62.5**	62.5
Other liabilities	**14,892.1**	**14,298.5**
Subsidiaries	**14,892.1**	14,298.5
Advance from customers	**34.3**	**83.5**
Subsidiaries	**30.9**	83.5
Others	**3.4**	-
Advance for supply of goods/services	**0.1**	**-**
Others	**0.1**	-
Capital advance	**212.9**	**212.9**
Associates	**212.9**	212.9

* Net of Provision for doubtful loans and interest accrued and due thereon of March 31, 2017 : ₹ 726.9 Million

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to key managerial personnel of the Company.