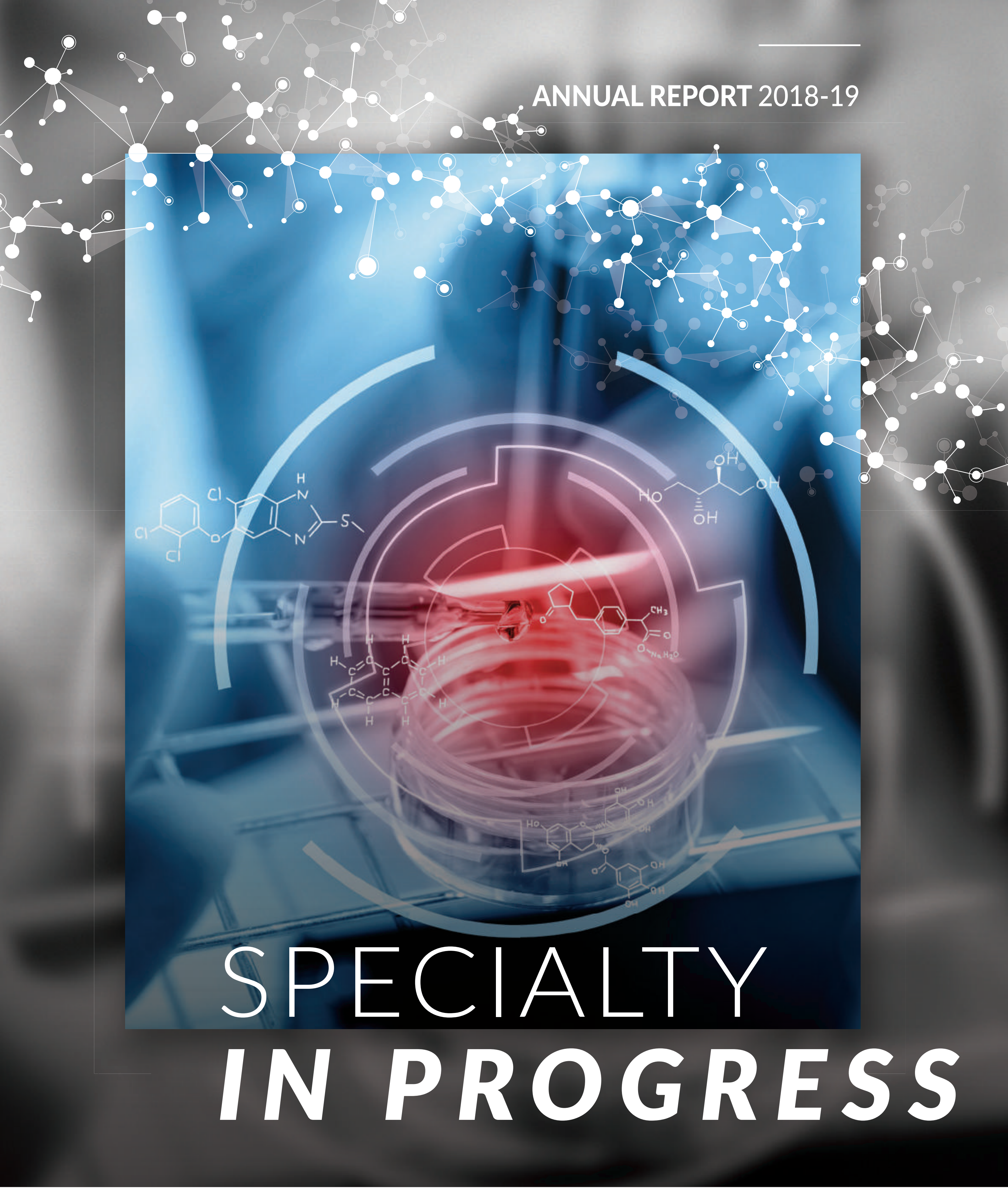
ANNUAL REPORT 2018-19



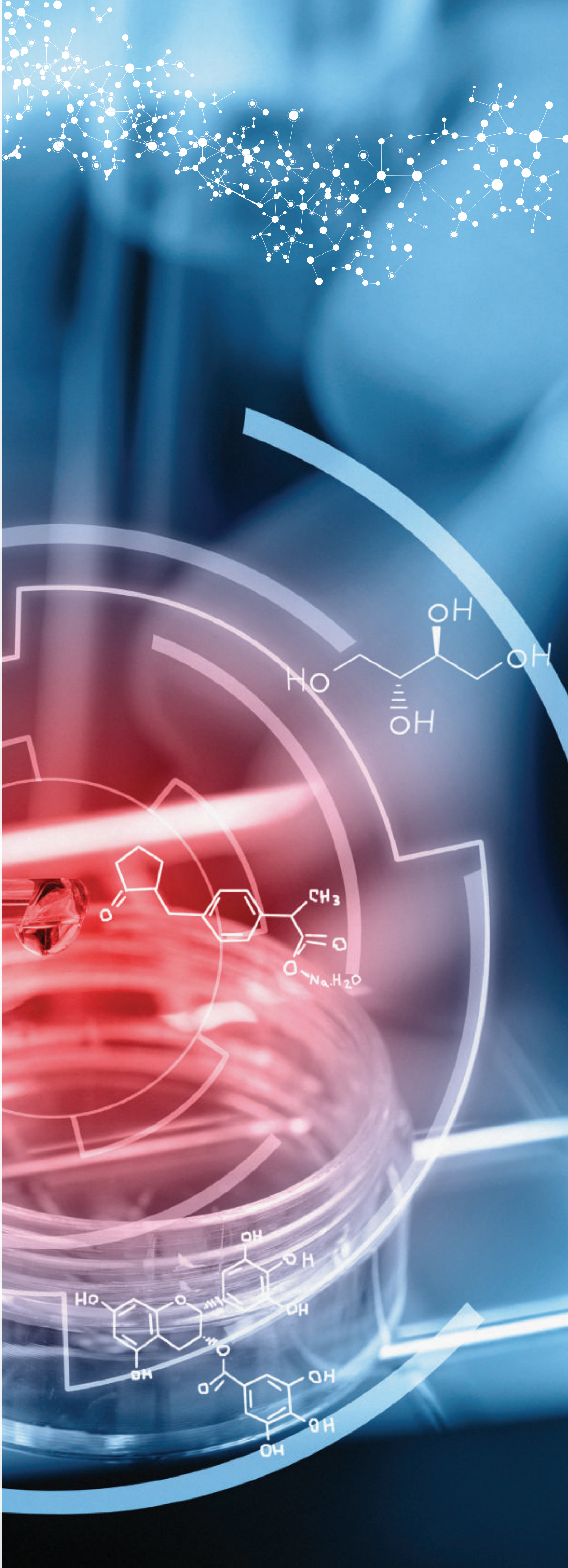
SPECIALTY IN PROGRESS

Sun Pharmaceutical Industries Ltd.

Reaching People. Touching Lives.

SUN PHARMA

Contents



SPECIALTY IN PROGRESS

We, at Sun Pharma, view our specialty business as an additional engine of sustainable growth and cashflows over the long term. The specialty business also represents our important initiative to move up the pharmaceutical value chain and usher in enhanced innovation for our business. Over the preceding few years, we have sharpened our focus to develop a strong portfolio of specialty products, funding their clinical trials and establishing the requisite front-end capabilities for this business.

We have built our specialty expertise with industry-leading know-how, highly skilled team and best-in-class technologies. We will continue to build a global specialty pipeline with focused research and development (R&D) investments. The principal focus areas for our specialty portfolio include segments like dermatology, ophthalmology and oncology.

Our specialty initiatives are progressing well and we crossed some important milestones during the year. We commercialised ILUMYA™, YONSA™ and XELPROS™ in the US in FY19. ILUMYA™ was also commercialised in Australia while ILUMETRI™ was launched in Germany by our partner during the year. CEQUA™ is expected to be launched in the US in FY20. We have now entered the commercialisation phase for most of our specialty products. At the same time we continue to, invest in development of our specialty pipeline, and in evaluating new markets for commercialising our specialty products.

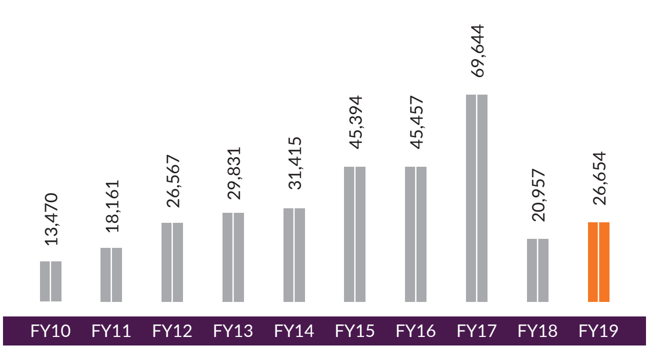
Key Performance Indicators (Consolidated)

Total income

(₹ Million)

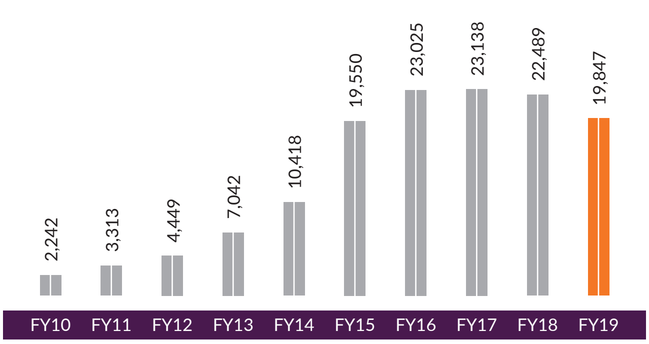
Net profit after minority interest

(₹ Million)



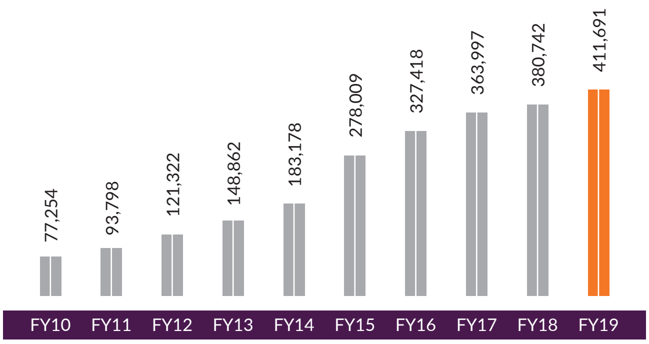
R&D investment

(₹ Million)



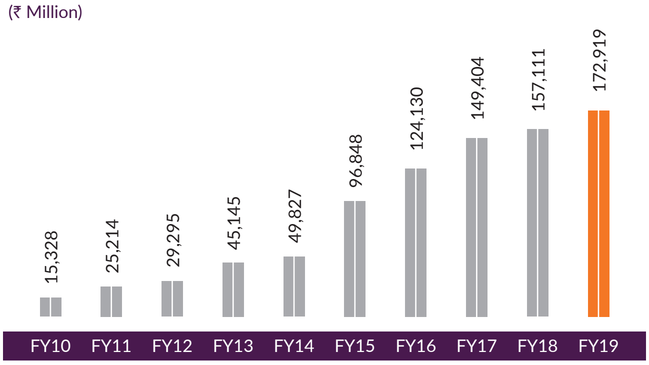
Reserve and surplus

(₹ Million)



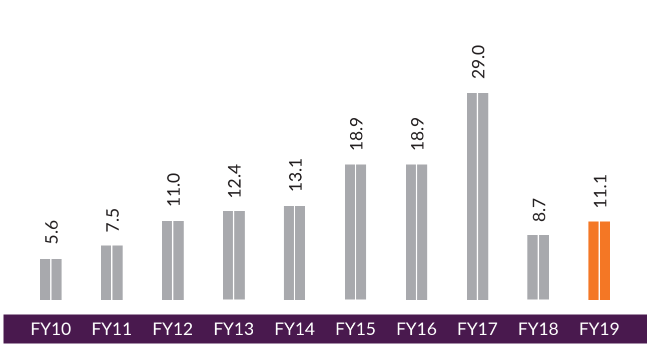
Carrying value of property, plant & equipment and other intangible assets

(₹ Million)



Adjusted earning per share (post exceptional items)*

(₹ per share)



* During FY11, each equity share of ₹5 was split into five equity shares of ₹1 each.
* During FY14, the Company issued bonus shares in the ratio of one equity share of ₹1 for every share held.
* During FY16, the Company's equity shares have increased to 2,407 Million due to the merger of erstwhile Ranbaxy Laboratories Ltd. (RLL) with the Company, wherein 0.80 equity share of ₹1 each of the Company have been allotted to the shareholders of RLL for every 1.00 share of ₹5 each held by them.

The Company had adopted Ind AS accounting standard w.e.f April 1, 2016 with prior period restated from April 1, 2015. Hence, FY16 onwards the financials are reported as per Ind-AS and are not strictly comparable with previous years.

Ten-Year Financial Highlights (Consolidated)

(₹ Million)

Particular	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Operating performance										
Revenue from operations	38,086	57,279	80,195	112,999	160,804	273,920	284,870	315,784	264,895	290,659
Total income	42,123	60,827	84,910	116,880	166,326	279,397	291,453	322,016	273,282	300,914
Net profit for the year (after minority interest)	13,470	18,161	26,567	29,831	31,415	45,394	45,457	69,644	20,957	26,654
R&D expenditure	2,242	3,313	4,449	7,042	10,418	19,550	23,025	23,138	22,489	19,847
a) Capital	159	236	362	427	556	1,178	783	1,679	1,819	718
b) Revenue (excluding depreciation)	2,083	3,077	4,088	6,616	9,862	18,373	22,242	21,459	20,669	19,129
c) % of sales	6.0	6.0	5.6	6.3	6.5	7.2	8.3	7.6	8.6	6.9
Financial position										
Equity share capital	1,036	1,036	1,036	1,036	2,071	2,071	2,407	2,399	2,399	2,399
Reserve and surplus	77,254	93,798	121,322	148,862	183,178	278,009	327,418	363,997	380,742	411,691
Property, plant & equipment and other intangible assets (at cost/ deemed cost)	23,340	45,473	54,269	75,763	86,505	143,616	187,212	217,315	238,073	271,424
Carrying value of property, plant & equipment and other intangible assets	15,328	25,214	29,295	45,145	49,827	96,848	124,130	149,404	157,111	172,919
Investments	31,664	26,557	22,129	24,116	27,860	35,028	18,299	11,919	71,429	79,025
Net current assets	28,542	58,622	76,749	86,618	126,969	135,488	167,973	150,666	117,716	137,296
Stock information										
Number of shares (in Million)	207	1,036	1,036	1,036	2,071	2,071	2,407	2,399	2,399	2,399
Adjusted earning per share (post exceptional items) (in ₹)*	5.6	7.5	11.0	12.4	13.1	18.9	18.9	29.0	8.7	11.1
Earnings per share-Basic (in ₹)*	65.2	17.5	25.7	28.8	15.2	18.9	18.9	29.0	8.7	11.1
Earning per share-Diluted (in ₹)*	65.2	17.5	25.7	28.8	15.2	18.9	18.9	29.0	8.7	11.1

* During FY11, each equity share of ₹5 was split into five equity shares of ₹1 each.
* During FY14, the Company issued bonus shares in the ratio of one equity share of ₹1 for every share held.
* During FY16, the Company's equity shares have increased to 2,407 Million due to the merger of erstwhile Ranbaxy Laboratories Ltd. (RLL) with the Company, wherein 0.80 equity share of ₹1 each of the Company have been allotted to the shareholders of RLL for every 1.00 share of ₹5 each held by them.

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Managing Director's Message

Dilip Shanghvi, Managing Director

Dear Shareholders,

The global pharmaceutical industry is at crossroads. The type of drugs being developed by the industry and the role played by technology are being juxtaposed against the value that healthcare delivers to patients. On one hand, the industry is developing new generation specialty drugs in gene therapy, monoclonal anti-bodies and immunotherapy categories, which have improved medical outcomes for patients; but on the other hand, the industry is facing increasing resistance from governments and payors over escalating drug prices, which impacts healthcare budgets. The need of the hour is for innovation and affordability to co-exist for the long-term benefit of all stakeholders.

The scenario for the generics industry is markedly different from its much larger branded counterpart. Generics pricing in the US, the largest and most important of all generics markets, has been under severe pressure over the last three years. The business profitability in the US generics market has suffered significantly over this period. Although there are early signs of price stabilisation for some products, the overall US generics pricing continues to be competitive.

The industry has started responding to these changes through a combination of multiple initiatives. These include a focus on developing innovative and differentiated products, withdrawal of non-remunerative products and persistent emphasis on cost control.

With business becoming more challenging, it has become imperative for companies to be more innovative and identify new engines of growth. Sun Pharma's significant investments in building a global specialty business is an important step in this direction. This initiative will enable us to build an additional engine of growth as well as move up the pharmaceutical value chain over the long term.

Our unwavering focus on cost control continues, with these efforts spread across generic R&D projects, rationalisation of manufacturing footprint and other areas. These steps will release resources which can be deployed in the specialty business.

FY19 highlights

We are back on the growth path with our FY19 revenues growing by 10% to ₹287 Billion. We have recorded steady growth in all the markets where we operate.

Operational performance

Revenues in the US increased 22% to ₹107 Billion and accounted for 37% of our consolidated revenues for FY19. The key growth drivers include increase in generics sales, incremental contribution from specialty product launches and a favourable foreign exchange rate. Our subsidiary, Taro recorded a marginal growth in overall revenues to US$ 670 Million for the year. This was mainly the result of more intense competition among manufacturers, new entrants to the market, buying consortium pressures and a higher abbreviated new drug application (ANDA) approval rate from the United States Food and Drug Administration (USFDA).

We recorded 8% decline in our India formulations business, however, our adjusted growth, excluding one-offs, was 5%.

We grew by 11% in emerging markets for the year. This growth was broad based across various markets. Our sales in the rest of world (RoW) markets grew by 16% for the year, driven by increased sales in some Western European markets and partly driven by the Pola Pharma Inc. (Pola Pharma) acquisition in Japan.

R&D

R&D is the lifeline of our business as it enables us to develop and launch differentiated generics as well as innovative specialty products. It is a key determinant of our future growth and profitability. Our efforts to build a global specialty pipeline mandates that we keep investing in R&D.

Our R&D investments for the year were ~₹20 Billion, targeted mainly at developing complex generics and specialty products. Given the intensely competitive nature of the US generics market, we continue to be disciplined in identifying future R&D projects for the generics market. Investments for developing the long-term specialty pipeline are expected to continue. We are also investing in developing specific products for emerging markets and other non-US developed markets.

Progress on specialty initiatives

We have further progressed in our global specialty initiatives, which commenced a few years ago. We view the specialty business as an additional engine of sustainable growth and cash flows over the long term. It is also an initiative to move up the pharmaceutical value chain and bring in more innovation to our business. We have allocated significant resources over the past few years in building this business for acquiring specialty products, funding their clinical trials and establishing the requisite front-end capabilities. We have now entered the commercialisation phase for most of our specialty products.

The focus areas for our specialty portfolio include segments like dermatology, ophthalmology and oncology.

Specialty products – Approvals and launches in FY19

We crossed many important milestones for our specialty business in FY19 with USFDA approvals for four specialty products and commercialisation of three specialty products. Some of the key highlights for the year were:

- We launched ILUMYA™ (tildrakizumab-asmn) 100 mg/mL in the US for treating moderate-to-severe psoriasis in October 2018. We have received a good initial response for the product and we expect ramp-up in ILUMYA™ sales in the US over the next few years. We have also commenced a direct-to-consumer advertising initiative for ILUMYA™ in the US.
- Our European partner, Almirall, received approval for tildrakizumab from the European Commission (EC) under the ILUMETRI™ brand name. Almirall has commenced commercialisation of ILUMETRI™ in Europe in a phased manner across different markets.
- Sun Pharma also received approval from the Australian Therapeutic Goods Administration (TGA) for ILUMYA™ during the year. The product has already been commercialised in Australia.
- During the year we received USFDA approvals for CEQUA™ (cyclosporine ophthalmic solution 0.09%). CEQUA™ increases tear production in patients with dry eyes. It is the first and only approved dry eye treatment to combine cyclosporine A with nanomicellar technology. CEQUA™ will be commercialised in the US in FY20.
- In May 2018, Sun Pharma received USFDA approval for YONSA® (abiraterone acetate), a novel formulation in combination with methylprednisolone to treat patients with metastatic castration-resistant prostate cancer (mCRPC). This approval has further strengthened Sun Pharma's oncology portfolio in the US. The product was commercialised in the US in the first quarter of FY19.
- During the year, Sun Pharma also received USFDA approval for its New Drug Application (NDA) of XELPROS™ (latanoprost ophthalmic emulsion 0.005%) used for the reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension. XELPROS™ is the first and only form of latanoprost that is not formulated with benzalkonium chloride (BAK), a commonly used preservative in topical ocular preparations. XELPROS™ was launched in the US in January 2019.
- In July 2018, Sun Pharma announced the USFDA approval for INFUGEM™ (gemcitabine in 0.9% sodium chloride injection), for intravenous use in a ready-to-administer (RTA) bag. INFUGEM™ uses a proprietary technology, which allows cytotoxic oncology products to be pre-mixed in a sterile environment and supplied to the prescribers in RTA infusion bags. These RTA bags will provide greater safety, by preventing problems of over-dosing or under-dosing and eliminating contamination risk. INFUGEM™ was commercialised in the US in April 2019.
- In August 2018, Sun Pharma launched KAPSPARGO SPRINKLE™ (metoprolol succinate) extended-release sprinkle formulation in the US. The product will help treat hypertension, angina pectoris (chest pain) and heart failure. These extended-release coated pellets can be sprinkled over soft food or administered via a nasogastric tube to facilitate long-term, once-daily administration for patients who experience difficulty while swallowing.
- We have also initiated investments in the development of new indications for ILUMYA™. Although the clinical trials for these new indications will require upfront investments, a successful outcome of the trials will significantly expand the addressable market for ILUMYA™ globally.

Enhancing presence in Japan

In January 2019, we announced the closure of the acquisition of Pola Pharma, a Japanese pharmaceutical company. Pola Pharma's portfolio primarily comprises dermatology products and it also has two manufacturing facilities in Japan with capabilities to manufacture topical products and injectables. This acquisition strengthens Sun Pharma's presence in Japan and accelerates its access to the Japanese dermatology market.

Regulatory compliance in pharmaceutical manufacturing

Regulatory standards for pharmaceutical facilities have been undergoing constant upgradation over the past many years, with regulatory agencies demanding the highest quality products. To adhere to these stringent standards, pharmaceutical companies need to have an unwavering focus on 24x7 compliance, which, in turn, raises compliance costs. Ensuring that each manufacturing facility remains compliant has become a key priority for pharmaceutical companies worldwide.

During the year, many of our facilities underwent successful audits by multiple regulatory agencies, including the USFDA.

Our Halol facility, which was impacted by cGMP deviations in FY15, was cleared by the USFDA in June 2018. With this clearance, new approvals from this facility for the US market have started coming through gradually.

Restructuring and rationalisation

We also continue to focus on optimising our costs, given the tough phase that the global generics industry is passing through. We strive to optimally utilise our resources with greater involvement of people, to make the Company more efficient.

We continue to emphasise on optimising our manufacturing footprint, to strike a pragmatic balance between current costs and future capacity requirements. We are constantly evaluating our generics R&D investments, to ensure a reasonable return on investment.

Overall outlook

Our consistent focus is on growing each of our businesses faster than the market in which they operate. Our global specialty initiatives will supplement this objective as an additional growth engine.

Although the US generics industry continues to face pricing pressure, the industry has started responding to these challenges by rationalising product portfolios and discontinuing non-remunerative products. These steps have been taken to ensure that generics products are able to generate reasonable returns to manufacturers.

In US, generics account for more than 80% of overall pharmaceutical volumes. In Western Europe, generics account for a significant portion of volumes as well. In Japan, the government has been encouraging higher generics penetration to bring down healthcare costs. All emerging markets rely on branded generics and/or pure generics to service their healthcare needs, given the lower purchasing power of their population. Hence, generics will continue to be an integral part of the solution to control global healthcare costs and has an important role to play in overall healthcare management.

Sun Pharma continues to invest in the generics business, with a focus on developing differentiated complex generics and building a product pipeline across markets. Our strong positioning in the global generics space will ensure that we remain an important player in the generics industry.

We are gradually ramping up our global specialty business. One of key ailments that we are targeting is psoriasis. As per a EvaluatePharma report, the size of the US psoriasis market was estimated at ~US$ 10 Billion in 2018 and is expected to grow at 9% CAGR till 2024. The report also estimates the global market for psoriasis at ~US$ 15 Billion in 2018, which is likely to grow at 9% CAGR to US$ 24.6 Billion by 2024.

We have started commercialising ILUMYA™, useful for treating moderate-to-severe plaque psoriasis in various markets globally. It was launched in the US in October 2018 and in Australia in December 2018. Our partner in Europe has commenced a phased launch of the product, starting with Germany, under the ILUMETRI™ brand name. The product has received a good response from doctors in these markets. We continue to evaluate other potential markets for commercialising ILUMYA™.

We recently announced long-term clinical insights for ILUMYA™ at the 2019 American Academy of Dermatology conference. The data presented showed sustained skin clearance in some patients living with moderate-to-severe plaque psoriasis after three years of ongoing treatment with ILUMYA™. The product was also well tolerated with low rates of adverse events. We believe that these positive data points will enable the product to do well in the large US$ 15 Billion global psoriasis market.

Our initiatives in the specialty ophthalmology segment are also gaining momentum. Our dry eye specialty product, CEQUA™, is expected to be commercialised in the US in FY20. We have recently launched XELPROS™ (latanoprost ophthalmic emulsion) 0.005% in the US for the reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension.

Sun Pharma will continue to invest in branding and promotion of its various specialty products. R&D investments for funding clinical trials of some of the specialty products are also likely to continue in future.

For FY20, we expect our consolidated revenues to grow by low-to-mid teens, while R&D investments are estimated at ~8-9% of sales.

Our talented team of employees will be the key driver of all the above initiatives. We are grateful to our Board of Directors for their guidance and support.

We are thankful for your support as a shareholder and we hope that you will continue to repose your confidence in us in future as well.

Warm regards,

Dilip Shanghvi
Managing Director
Sun Pharmaceutical Industries Ltd.

Board of Directors

Israel Makov
Chairman

Dilip S. Shanghvi
Managing Director

Sudhir V. Valia
Whole-time Director*

Sailesh T. Desai
Whole-time Director

Kalyanasundaram Subramanian
Whole-time Director

Vivek Chaand Sehgal
Non-executive and Independent Director

Rekha Sethi
Non-executive and Independent Director

Gautam Doshi
Non-executive and Independent Director

*Designation changed from Whole-time Director to Non-executive and Non-Independent Director w.e.f. May 29, 2019

Leadership Team

Abhay Gandhi
CEO, North America

Dr. Pradeep Sanghvi
Executive Vice-President,
Global Head - Oral Solids

Dr. Sapna Purohit
Senior Vice-President,
Head of Human Resources

Dr. Azadar H. Khan
Senior Vice-President - Corporate Relations and CSR, India Regulatory Affairs

Aalok Shanghvi
Senior Vice-President –
Emerging Markets and Global R&D

C. S. Muralidharan
Chief Financial Officer

Anilkumar Jain
CEO, API Business

Davinder Singh
Senior Vice-President,
Sun Pharmaceutical Global Operations

S. Kalyanasundaram
Whole-time Director
Head - India and Emerging Markets

Kirti Ganorkar
Executive Vice-President, Head - Global Business Development Team

Hellen de Kloet
Business Head, Western Europe, Australia and New Zealand

Jila Breeze
Senior Vice-President, Head - Global Quality and Compliance

Uday Baldota
CEO, Taro Pharmaceuticals Industries Ltd.

Sreenivas Rao
Senior Vice-President, Head - Global Supply Chain

Atanu Roy
Senior Vice-President, Chief Information Officer

Management Discussion and Analysis

Global pharmaceutical industry[1]

Global spending on medicines crossed US$ 1.2 Trillion in 2018; and is projected to grow at a compound annual growth rate (CAGR) of 3-6% in the next five years, reaching over US$ 1.5 Trillion by 2023. Growth in the global pharmaceutical market will continue to be led by the US and pharmerging markets.

While new product launches, especially specialty products, will be the key growth catalyst in developed markets, pharmerging market expansion will be driven by multiple factors. These factors comprise improving per capita income, increasing healthcare awareness, ageing population and rising incidence of chronic ailments. The product mix in the developed world will continue to shift towards specialty and orphan products. Emerging technologies are enabling healthcare providers to innovate and engage better with key stakeholders.

Chart 1 Global medicine spending and growth, 2016-23[1]

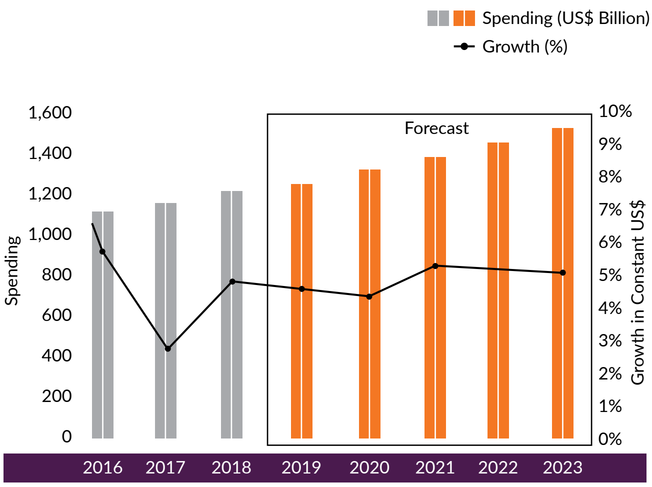


Table 1 Global pharmaceutical spending and growth[1]

Regions	2018 (US$ Billion)	2014-2018 CAGR (%)	2023 (US$ Billion)	2019-2023 CAGR (%)
Developed markets	800	5.7	990-1,020	3-6
Pharmerging markets	286	9.3	355-385	5-8
Rest of the world	119	3.2	130-160	2-5
Global pharmaceutical market	**1,205**	**6.3**	**1,505-1,535**	**3-6**

Table 2 Global medicine spending by region and product types in 2023[1]

Spending	Original brands	Non-original brands	Unbranded	Over-the-counter (OTC) and other products	Total (US$ Billion)
Developed markets	76%	10%	8%	5%	990-1,020
Pharmerging markets	27%	40%	13%	20%	355-385
Rest of world	56%	26%	8%	10%	130-160
Global markets	**61%**	**20%**	**9%**	**10%**	**1,505-1,535**

Outlook and emerging trends[1,2]

- US spending was at US$ 486 Billion in 2018, while pharmerging markets spending was US$ 286 Billion. These two regions will be key contributors to global pharmaceutical growth.
- Pharmaceutical spending in the top five western European markets (EU5) touched US$ 178 Billion in 2018; and is likely to grow at a sluggish pace in the 2018-2023 period, as compared to that of the previous five years. Government-mandated price reductions and slower uptake of new specialty products will be key reasons of this sluggish growth.
- China's US$ 137 Billion pharmaceutical market is expected to grow at 3-6% by 2023, driven by improving insurance access, modernisation of hospital systems and expansion of primary care services.
- Japan's medicine spending was at US$ 86 Billion in 2018; and is expected to slow through 2023, on account of continued uptake of generics and government-mandated price reductions.
- Uptake of specialty medicines will continue to rise in developed markets, driven by advancement of new and innovative targeted medicines, using immunology, gene therapy, monoclonal anti-bodies and other contemporary technologies. Share of specialty medicines in overall pharmaceutical spending will cross 50% by 2023 in most developed markets.
- Healthcare providers are exploring technology investments in cloud computing, artificial intelligence and machine learning to ramp up productivity. This trend is expected to gain further momentum in the coming years.

Growth enablers for the global pharmaceutical market[1,3,4,5]

Growing and ageing population: Global population is projected to exceed 9.3 Billion by 2050, of which 21% will be accounted for by those aged 60 and above.

Longer life expectancy: As individuals become increasingly health conscious and medical science continues to advance, life expectancy will increase. By 2040, Japan, Singapore, Spain and Switzerland are projected to have a life expectancy rate in excess of 85 years, while 59 countries, including China, are expected to surpass a life expectancy of 80 years during that period.

Improving purchasing power: The middle-class population as well as per capita income continues to expand, driving demand for pharmaceutical products. This expansion is likely to be broad based, but more pronounced in Asia, particularly in China and India.

Greater prevalence of chronic diseases: Chronic disease prevalence is expected to rise to 57% by 2020 – increasing the demand for healthcare products and services. Emerging markets will account for a majority share, as population growth is expected to be most significant in developing nations.

Research focus on orphan drugs: Growing research focus on rare disease therapies has resulted in a significant increase in new orphan drugs. The United States Food and Drug Administration (USFDA) approved 80 orphan indications in 2017 and 90 in 2018.

Developed markets[1]

Growth in global pharmaceutical spending through 2023 will primarily be driven by developed markets and the accelerated adoption of new innovative products. Spending on medicines in developed markets is estimated to grow at 3-6% CAGR from US$ 800 Billion in 2018 to US$ 990-1,020 Billion in 2023. The US will continue to be an important contributor, with its medicine spending expected to remain higher that of the top five European economies.

All developed countries will show moderation in growth through 2023, as compared to the 2014-18 period. Specifically in the US, the positive impact of new specialty launches will be partly moderated by loss of patent protection on older products.

Table 3 Pharmaceutical spending of developed markets (US$ Billion)[1]

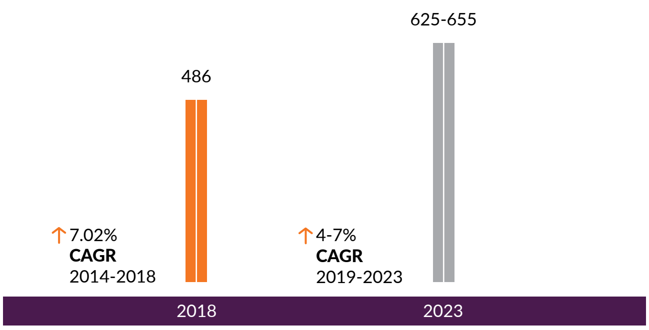
Region/Country	2018	2014-2018 CAGR	2023	2019-2023 CAGR
USA	486	7.2%	625-655	4-7%
EU5	177	4.7%	200-230	1-4%
Germany	53	5.0%	65-69	3-6%
France	37	1.5%	37-41	(-1)-2%
Italy	34	6.3%	40-44	2-5%
UK	28	6.2%	33-37	2-5%
Spain	25	5.4%	27-31	1-4%
Japan	86	1.0%	89-93	(-3)-0%
Canada	22	5.0%	27-31	2-5%
South Korea	16	4.7%	19-23	4-7%
Australia	13	4.3%	13-17	0-3%
Developed markets	**800**	**5.7%**	**990-1,020**	**3-6%**

USA

The US pharmaceutical market is set to exceed US$ 600 Billion by 2023. The key driver of this trend will be launch of new specialty products which will be partly offset by patent expiries, growth of biosimilars and slower rate of rise in new launch prices. There has been significant attention given to the launch prices of recently introduced drugs, especially given the shift in innovation towards specialty, orphan and oncology areas (that are often costlier).

Chart 2 US pharmaceutical spending growth[1]

(US$ Billion)

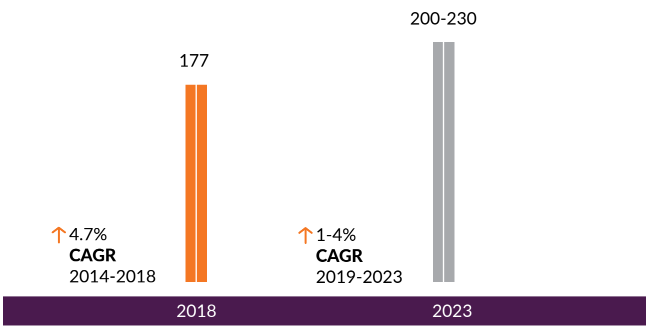


Western Europe

The CAGR for the top five developed markets in Western Europe is likely to reduce to 1-4%, with overall spending expected to cross US$ 200 Billion in 2023. Government-led cost controls and decelerated growth in spend on new products will contribute to the slowing in pace vis-à-vis the 4.7% CAGR between 2014 and 2018, that was helped by spending on new products (especially oncology and viral hepatitis treatments).

Chart 3 Western Europe pharmaceutical spending growth[1]

(US$ Billion)



Japan

Spending in Japan amounted to US$ 86 Billion in 2018, but over the next five years, spending on medicines is expected to continue to decline. This is largely due to the continued uptake of generics, despite higher spending on specialty products and an ageing population.

The government of Japan in 2014 set out a policy to achieve a rate of 80% of prescription volume of unbranded generics in the non-patented market by 2021. The resulting savings from generics is enabling a greater shift to specialty medicines without an overall increase in the country's healthcare budget. Share of specialty spending in Japan is expected to rise from approximately 30% in 2018 to 41% in 2023.

Growth in global pharmaceutical spending through 2023 will primarily be driven by developed markets and the accelerated adoption of new innovative products. Spending on medicines in developed markets is estimated to grow at 3-6% CAGR from US$ 800 Billion in 2018 to US$ 990-1,020 Billion in 2023.

Pharmerging markets[1]

Spending on medicines in pharmerging markets was recorded at US$ 286 Billion in 2018 and is projected to grow at 5-8% CAGR through 2023 to reach US$ 355-385 Billion. A key driver to that end is increasing per capita uptake of medicines with a rise in patients' affordability.

Table 4 **Pharmaceutical spending and region-wise growth for pharmerging markets (US$ Billion)[1]**

Region/Country	2018	2014-2018 CAGR	2023	2019-2023 CAGR
China	132	7.6%	140-170	3-6%
Tier 2 markets	68	10.7%	91-95	7-10%
Brazil	32	10.8%	39-43	5-8%
India	20	11.2%	28-32	8-11%
Russia	16	9.9%	21-25	7-10%
Tier 3 markets	86	11.3%	105-135	7-10%
Pharmerging markets	**286**	**9.3%**	**355-385**	**5-8%**

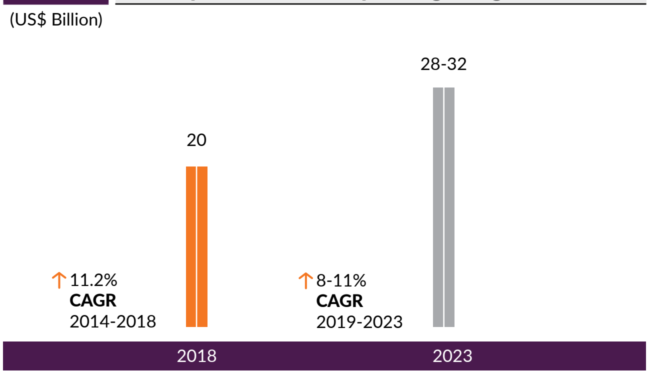
China is the largest pharmerging market registering pharmaceutical spending of US$ 132 Billion in 2018; and is likely to reach US$ 140-170 Billion by 2023. Spending is driven, in part, by reforms initiated by the Chinese central government to accelerate insurance access to rural and urban residents, as well as the expansion and modernisation of the hospital network and primary care services.

Indian pharmaceutical market[1,2]

India enjoys a key position in the global pharmaceutical industry. The country is the world's largest supplier of generics, accounting for 20% of global exports. It supplies over 50% of global demand for various vaccines and 40% of the demand for generic products in the US. The domestic pharmaceutical market contributes to ~2% of the global industry in value and ~10% in volume terms. The domestic pharmaceutical industry has received foreign direct investment (FDI) worth ~US$ 16 Billion on a cumulative basis, between April 2000 and June 2018.

India's pharmaceutical spending is predicted to grow at 8-11% CAGR in the 2019-23 period to reach a size of US$ 28-32 Billion. A part of this growth will depend on the ability of companies to align their product portfolio towards therapies for chronic diseases that are on the rise.

Chart 4 **India's pharmaceutical spending and growth[1]**



Growth enablers

- Increasing per capita income.
- Growing penetration of health insurance.
- Government thrust on improving penetration of modern medicines into rural areas and accelerating access of pharmaceutical products to the poor and low-income sections of the population.
- Increased incidence of chronic ailments.
- Changing lifestyle and consumption patterns.
- Improving healthcare awareness.

Specialty medicines[1]

Specialty medicines refer to those used in the treatment of chronic, complex or rare diseases and that require advanced scientific research and innovation. Given their significantly higher purchasing power and strong healthcare insurance coverage, developed markets account for a significant share of global spending on specialty products. Specialty represents a small share in pharmerging markets, given the relatively lower purchasing power, and is expected to rise marginally from 13% in 2018 to 14% by 2023. Specialty is expected to represent more than half of newly launched medicines globally over the next five years. A larger use of biomarkers to segment and treat appropriate patients will characterise these launches.

Spending on medicines in pharmerging markets was recorded at US$ 286 Billion in 2018 and is projected to grow at 5-8% CAGR through 2023 to reach US$ 355-385 Billion. A key driver to that end is increasing per capita uptake of medicines with a rise in patients' affordability.

Spending on specialty medicines in developed markets accounted for US$ 336 Billion in 2018 and is estimated to rise to US$ 475-505 Billion in 2023. Specialty share of total spending across top 10 developed countries is likely to rise from 42% in 2018 to 50% in 2023. Almost 74% of this is expected to be led by the five largest specialty therapeutic classes: oncology, autoimmune, immunology, anti-virals and multiple sclerosis. In most developed markets, specialty spend continues to outpace that on other medicines.

Active Pharmaceutical Ingredients (API)[7]

APIs are chemicals and biologically active elements of drugs with a direct impact on cure, mitigation, treatment and prevention of diseases. The worldwide API market is likely to exceed US$ 225 Billion by 2024 – a 6% CAGR for the forecast period.

The market has witnessed growth through the decades, due to an ever-increasing use of medication and biologics for disease management. Other drivers include increasing incidence of chronic ailments, growing volumes of generic drugs worldwide and rising technological advancements in API manufacturing.

Consumer healthcare[8]

Consumer healthcare providers deal with products in wellness, oral health, nutrition, skin health. These include over-the-counter (OTC) drugs. Globally, a large number of acquisitions, mergers and shutdowns has resulted in industry consolidation, with market share being concentrated within the top 10 firms. The Global OTC market was valued at $135 Billion in 2018. Two top markets, the US (US$34 Billion) and China (US$25 Billion) accounted for ~44% of the global market. Vitamins, minerals & supplements and the cough, cold & allergy segments account for more than 50% sales of OTC products globally.

There is a global trend towards self-care, self-medication, awareness for wellness and preventive medicine, along with a rise in disposable income, demand for personalised products, acceptance of e-commerce retail and shift to OTC products. This trend is expected to drive the growth of the industry in future.

WORLD OF SUN PHARMA

Sun Pharmaceutical Industries Limited including its subsidiaries and associates (Sun Pharma) is the fourth largest global specialty generic company that is ranked No. 1 in India and No. 8 in the US. It is the largest Indian pharmaceutical company in the US and among the leading Indian pharmaceutical companies in emerging markets.

Sun Pharma enjoys a vertically integrated business, economies of scale and good talent management practices that enable it to deliver quality products at affordable prices. The Company is deepening its global footprint as a highly trusted manufacturer of specialty products, branded generics, complex and pure generics, OTC products, anti-retrovirals (ARVs) and APIs.

It is expanding its footprint among consumers and healthcare professionals in 100+ countries, and offers a portfolio of 2,000+ products, globally, in a full range of dosage forms. This includes tablets, capsules, injectables, ointments, creams and liquids, nasal sprays and hormones, among others.

Sun Pharma has 44 manufacturing sites approved by global health regulatory agencies—supported by a worldwide supply chain—and multiple research and development (R&D) facilities across the world, investing 6.9% of its sales in R&D. It has a diverse employee base of 32,000+ individuals across 50 nationalities worldwide.

Table 5 Major acquisitions and joint ventures (JVs)

Years	Acquisition/JV	Markets	Rationale
1997	Acquired Caraco	USA	Entry into the US generics market
2010	Acquired Taro Pharmaceutical Industries Ltd.	Israel	Enhance presence in the US generics market, especially in the dermatology segment
2012	Acquired DUSA Pharma, Inc.	USA	Access to branded dermatology product
2013	Acquired URL's generics business	USA	Addition to the US generics portfolio
2014	Acquired Pharmalucence	USA	Access to sterile injectable capacity in the US, supported by R&D capabilities
2014	In-licensing agreement with Merck for ILUMYA™, a biologic for psoriasis	Global	Strengthen the specialty product pipeline
2015	Sun Pharma–Ranbaxy merger	Global	Further strengthen position as the fifth largest global specialty generics pharmaceutical company and the No. 1 pharmaceutical company in India, with strong positioning in emerging markets
2015	Distribution agreement with AstraZeneca	India	Distribution services agreement in India for brand Axcer® (brand of ticagrelor; used for the treatment of acute coronary syndrome)
2015	Acquisition of InSite Vision	USA	Strengthen branded ophthalmic portfolio in the US
2016	Distribution agreement with AstraZeneca	India	Distribution services agreement in India for brands Oxra and Oxramet® (brands of dapagliflozin; used for diabetes treatment)
2016	Acquired 14 brands from Novartis	Japan	Entry into Japan
2016	Licensing agreement with Almirall for ILUMYA™ for psoriasis	Europe	Strengthen the distribution of ILUMYA™ in Europe
2016	Acquired Biosintez	Russia	Access to local manufacturing capability to enhance presence in the Russian market
2016	Acquired global rights for Cequa and Odomzo	Global	Strengthen specialty pipeline in the ophthalmology and oncology space
2018	Acquired Pola Pharma in Japan	Japan	Access to the Japanese dermatology market

Sun Pharma enjoys a good track record of value-accretive M&A transactions.

Sustainable value-creation model

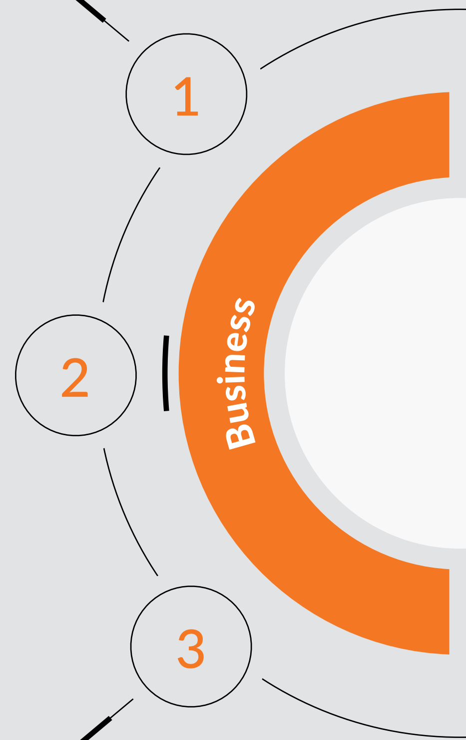
US$ 4.1 Bn
Global revenue as on March 31, 2019

100+
Global markets served

44
World-class manufacturing sites

2,000+
Products offered worldwide

32,000+
Global employee base



US business

- 8th largest generics company in the US with a strong pipeline (118 ANDAs and 8 NDAs awaiting approval).
- Presence in generics, specialty and branded segments with 450+ approved products.
- FY19 sales: ₹106,713 Million.

Indian branded generics business

- Ranked No. 1 across 11 classes of doctors.
- Leading position in high growth chronic therapies.
- Specialises in technically complex products.
- FY19 sales: ₹73,483 Million.

Emerging markets

- Presence in ~100 countries across Africa, Americas, Asia and Eastern and Central Europe.
- Key focus geographies include Brazil, Mexico, Russia, Romania, South Africa and complementary and affiliated markets.
- FY19 sales: ₹53,624 Million.

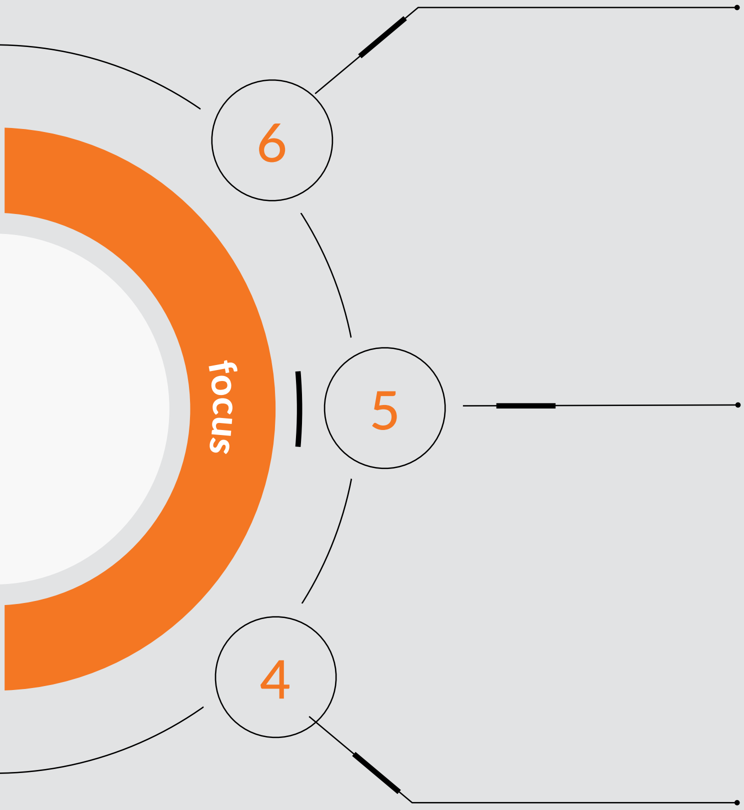
Business features

Create sustainable revenue streams
- Enhance share of specialty business globally.
- Achieve differentiation by focusing on technically complex products.
- Focus on key markets; achieve critical mass.
- Ensure sustained compliance with global regulatory standards.

Cost leadership
- Optimise operational costs.
- Rationalise vertically integrated operations.

ANDA: Abbreviated new drug application | NDA: New drug application | DMF: Drug master file | CEP: Certification of Suitability

Sun Pharma's business model comprises four crucial business features to help achieve higher efficiencies and drive sustainable growth. The Company is strategically poised to capitalise on the emerging opportunities in the global pharmaceutical sector, to deliver consistent long-term stakeholder value.



Rest of world

- Presence across majority of markets in Western Europe, Canada, Japan, Australia and New Zealand.
- Products include differentiated offerings for hospitals, injectables and generics for retail market.
- Portfolio of long-listed products servicing the Japanese market.
- FY19 sales: ₹34,554 Million.

Global consumer healthcare business

- Among the top 10 consumer healthcare companies in India.
- Operates in 20+ countries.

API business

- Backward integration provides cost competitiveness and supply reliability.
- Portfolio of 300+ approved DMF/CEP products.

Balance profitability and investments for future

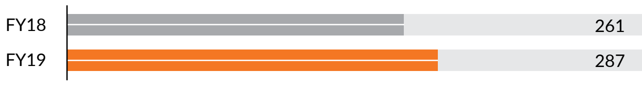
- Increase contribution of specialty and complex products.
- Future investments directed towards differentiated products.

Business development

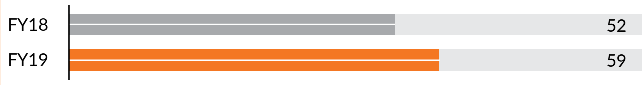
- Use acquisitions to bridge critical capability gaps.
- Focus on access to products, technology and market presence.

Key performance indicators

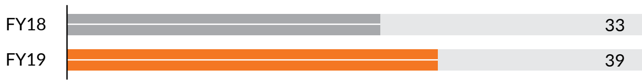
Gross sales
(₹ Billion)



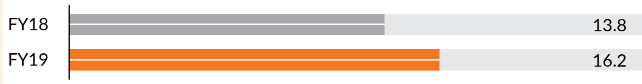
EBITDA*
(₹ Billion)



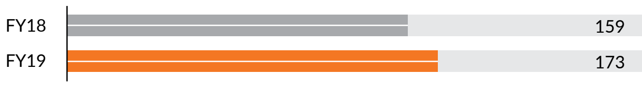
Adjusted net profit after minority interests (excluding exceptional items)
(₹ Billion)



Adjusted earnings per share (excluding exceptional items)
(₹ per share)

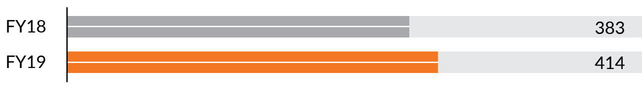


Book value per share
(₹ per share)

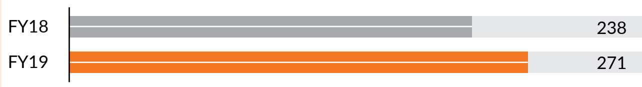


Market capitalisation as on March 31
(US$ Billion)

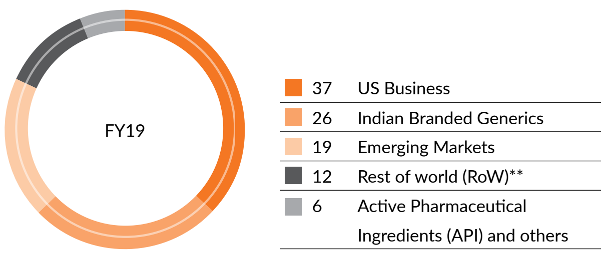
Net worth
(₹ Billion)



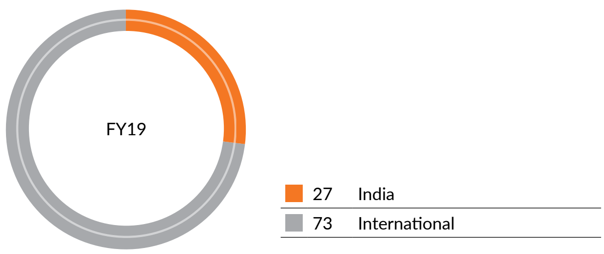
Property, plant and equipment and other intangible assets (at cost/deemed value)
(₹ Billion)



Business-wise revenue share
(%)



Business mix
(%)



**RoW includes Western Europe, Canada, Japan, Australia, New Zealand and other markets

*EBITDA = (Revenue from contracts with customers) - (cost of material consumed + purchase of stock-in-trade + changes in inventories of finished goods, stock-in-trade and work-in-progress + employee benefits expense + other expenses)

Financial ratios

Table 6 Consolidated

Ratios	Unit	FY19	FY18	Variance (%)
Return on net worth	%	6.4	5.5	18
Debtors turnover		3.2	3.3	-3
Inventory turnover (on cost of goods sold)		1.0	1.1	-8
Interest coverage ratio	times	10.0	9.6	5
Current ratio	times	1.8	1.6	13
Debt/Equity ratio	times	0.2	0.2	-4
Operating profit margin	%	20.7	19.9	4
Net profit margin	%	9.3	8.0	16

Table 7 Standalone

Ratios	Unit	FY19	FY18	Variance (%)	Reasons if variance is more than 25%
Return on net worth	%	3.6	1.4	161	Return on net worth is higher for the year ended March 31, 2019 due to higher profit after tax
Debtors turnover	times	1.9	1.7	17	
Inventory turnover (on cost of goods sold)	times	1.3	1.7	-21	
Interest coverage ratio	times	4.6	4.2	10	
Current ratio	times	0.8	0.8	10	
Debt/Equity ratio	times	0.3	0.3	-9	
Operating profit margin	%	12.6	8.5	49	On account of better revenue from contracts with customers which grew by 11%, along with cost containment
Net profit margin	%	8.3	3.5	140	On account of increased total revenue from operations by 14%, along with cost containment

FY19 operational highlights

- In April 2018, Sun Pharma entered the anti-fungal powder OTC category in India with ABZORB. The brand was co-promoted across prescription and OTC channels through a 360° marketing campaign comprising TV, print and digital, to expand consumer outreach and drive growth. ABZORB has a unique combination of talc and starch that ensures superior sweat absorption. It also contains clotrimazole—one of the best-in-class anti-fungals—to help treat infection and prevent its recurrence. The new packaging with an angular dispensing nozzle enhances consumer experience through targeted application.

- In May 2018, Sun Pharma received USFDA approval for YONSA® (abiraterone acetate), a novel formulation in combination with methylprednisolone to treat patients with metastatic castration-resistant prostate cancer (mCRPC). This approval has further strengthened the Company's oncology portfolio in the US.

- In June 2018, Sun Pharma received the Establishment Inspection Report (EIR) from the USFDA for the inspection conducted at its Halol facility in Gujarat (India) during the previous financial year. The receipt of the EIR implies that the issues contained in the Warning Letter dated December 2015 have been addressed. New ANDA approvals have commenced from the facility post the receipt of EIR.

- In July 2018, Sun Pharma announced Bollywood actor Akshay Kumar as its brand ambassador for Revital H. He is known for his high energy levels and was a natural fit for the product, which is India's leading and most trusted health supplement for over two decades. The Company launched a 360° marketing campaign featuring the actor and the brand that helps keep one's energy and stamina high throughout the day.

- In July 2018, Sun Pharma announced the USFDA approval for INFUGEM™ (gemcitabine in 0.9% sodium chloride injection) 10 mg/mL, for intravenous use in a ready-to-administer (RTA) bag. INFUGEM™ uses a proprietary technology, which allows cytotoxic oncology products to be premixed in a sterile environment and supplied to the prescribers in RTA infusion bags. It involves dose banding practice, whereby standardised doses of intravenous cytotoxic drugs are used for ranges (or 'bands') of doses calculated for individual patients. The RTA bags will provide greater safety by preventing problems of over-dosing or under-dosing, by eliminating contamination risk that can lead to infections, and by taking care of problems associated with and precautions to be taken while, handling cytotoxic drugs by healthcare providers.

- In July 2018, DUSA Pharmaceuticals, Inc., (DUSA) a wholly owned subsidiary of Sun Pharma, announced that it filed trade secret misappropriation and tortious interference claims in an ongoing patent infringement lawsuit against Biofrontera Inc. The patents-in-suit concerned an apparatus and method for photodynamic therapy (PDT) as well as an equipment for it. Pioneered by DUSA, PDT combines a drug with a light source to treat disease conditions. In December 2018, DUSA was granted preliminary injunctive relief by a federal district court prohibiting defendant Biofrontera (including Biofrontera Inc., Biofrontera Bioscience GmbH Biofrontera Pharma GmbH, and Biofrontera AG) from using DUSA's confidential and proprietary trade secret information.
- In August 2018, Sun Pharma received approval for CEQUA (cyclosporine ophthalmic solution) 0.09%, from the USFDA. CEQUA increases tear production in patients with dry eyes. It is the first and only approved dry eye treatment to combine cyclosporine A with nanomicellar technology.
- In August 2018, Sun Pharma launched a Kapspargo Sprinkle (metoprolol succinate) extended-release sprinkle formulation in the US. The product will help treat hypertension (high blood pressure), angina pectoris (chest pain) and heart failure. These extended-release coated pellets can be sprinkled over soft food or administered via a nasogastric tube to facilitate long-term once-daily administration for patients who experience difficulty while swallowing.
- In August 2018, the Company announced the launch of Volini Maxx, India's strongest pain relief spray. It also signed Virat Kohli, captain of Indian cricket team as Volini's brand ambassador.
- In September 2018, Sun Pharma announced USFDA approval for the NDA of XELPROS™ (latanoprost ophthalmic emulsion) 0.005%. The medicine is used for the reduction of elevated intraocular pressure (IOP or pressure inside the eye) in patients with open-angle glaucoma or ocular hypertension. XELPROS™ is the first and only form of latanoprost that is not formulated with benzalkonium chloride (BAK), a commonly used preservative in topical ocular preparations. It was in-licensed by Sun Pharma from Sun Pharma Advanced Research Company Ltd. (SPARC) in June 2015; and is developed using SPARC's proprietary swollen micelle microemulsion (SMM) technology.
- In September 2018, Sun Pharma announced that its European partner, Almirall, received the European Commission (EC) approval for ILUMETRI® (tildrakizumab) to treat adults with moderate-to-severe chronic plaque psoriasis, who are candidates for systemic therapy.
- In September 2018, Sun Pharma received the Australian Therapeutic Goods Administration (TGA) approval for its specialty product, ILUMYA™ (tildrakizumab) to treat adults with moderate-to-severe plaque psoriasis and are candidates for systemic therapy.
- In October 2018, Sun Pharma launched ILUMYA™ (tildrakizumab-asmn) 100 mg/mL in the US for treating moderate-to-severe psoriasis.
- In November 2018, Sun Pharma entered into a definitive agreement to acquire Pola Pharma Inc. (Pola Pharma), a Japanese pharmaceutical company. Pola Pharma is engaged in R&D, manufacture, sale and distribution of branded and generic products in Japan. Its portfolio primarily comprises dermatology products and it has two manufacturing facilities in Japan with capabilities to manufacture topical products and injectables, along with R&D capabilities to develop new technologies and formulations.
- Pola Pharma had annual revenues of approximately US$ 108 Million and net loss of US$ 7 Million for 12 months ended December, 2017 on a consolidated basis. This acquisition strengthens Sun Pharma's presence in Japan and accelerates access to the Japanese dermatology market.

FY20 outlook

Sun Pharma's sustained focus is on growing each of its businesses faster than the market in which they operate. Its global specialty initiatives will supplement this objective as an additional growth engine. Although the US generics industry continues to face pricing pressure, the industry has started responding to these challenges by rationalising product portfolios and discontinuing non-remunerative products. Generics will continue to be an integral part of the solution to control global healthcare costs as well as play an important role in overall healthcare management.

Sun Pharma will continue to invest in the generic business with a focus on developing differentiated complex generics and building a product pipeline across markets. Its global specialty business is also expected to ramp up gradually. Investments in branding and promotion of specialty products and in funding clinical trials for specialty products will continue. For FY20, the Company expects its consolidated revenues to grow by low-to-mid teens, while R&D investments are estimated at ~8-9% of sales.

Business segment review

US BUSINESS

Revenue share (%)
37

Revenue in FY19 (₹ Million)
106,713

FY14-19 revenue CAGR (%)
↑ 2

Cumulative ANDAs filed (Nos.)
571

Cumulative ANDAs approved (Nos.)
453

Cumulative NDAs approved (Nos.)
51

Sun Pharma is the eighth largest generic pharmaceutical company in the US, with presence across generics, specialty, branded and OTC segments. It offers a comprehensive portfolio of 453 ANDAs and 51 NDAs approved across multiple therapies.

The Company's key focus areas encompass central nervous system (CNS), dermatology, cardiology, oncology and ophthalmic, among others. It has integrated USFDA-approved on-shore as well as off-shore manufacturing facilities that produce a variety of dosage forms, including liquids, creams, ointments, gels, sprays, injectables, tablets, capsules and drug-device combinations.

Strong product pipeline in the US

As on March 31, 2019, Sun Pharma had 118 ANDAs and 8 NDAs pending USFDA approval, including a combination of complex generics, patent challenge opportunities and pure generics.

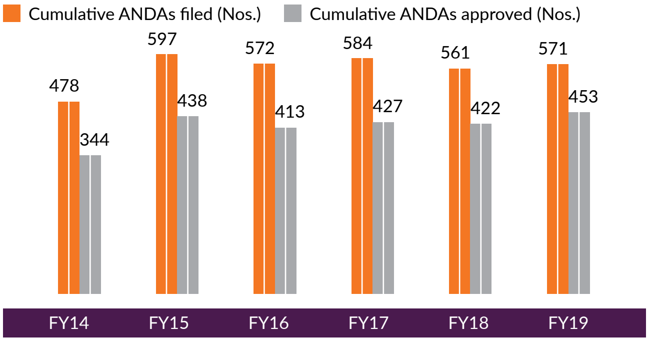
Table 8 Journey in the US - key milestones

Years	Events
FY98	• Entered the US market through Caraco acquisition.
FY10	• Acquired Taro Pharma to penetrate the US dermatology market.
FY13	• Acquired DUSA to enter the branded specialty dermatology market.
FY15	• In-licensed Ilumya (tildrakizumab)–strengthened specialty dermatology portfolio by gaining access to global rights including the US.
FY16	• Strengthened specialty ophthalmic portfolio with the acquisition of InSite Vision.
FY17	• Filed tildrakizumab in the US and Europe.
	• Acquired Ocular Technologies–gaining access to Cequa—a product for treating dry eyes.
	• Launched BromSite in the US ophthalmology segment.
	• Acquired odomzo, a branded oncology product from Novartis.
FY18	• Launched Odomzo in the US.
	• Obtained USFDA approval for Ilumya.
FY19	• Launched specialty products–Ilumya, Yonsa and Xelpros–in the US.
	• Received USFDA approval for Cequa.

FY19 highlights

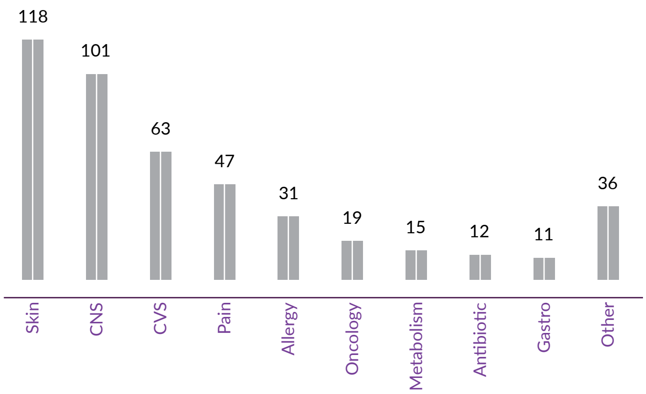
- Revenue from the US increased by 22% to ₹106,713 Million.
- Key growth drivers include increase in generic sales, incremental contribution from specialty product launches and a favourable foreign exchange rate.
- The US generic market continued to be highly competitive and witnessed price erosion, driven by higher bargaining power of customers and faster pace of generic approvals from the USFDA.

Chart 5 ANDAs filed and approved



(Cumulative numbers for FY16 are lower than FY15 due to Bryan facility divestment. Ranbaxy numbers added with effect from March 2015)

Chart 6 ANDA approvals by therapeutic area as of March 2019



Road ahead

Patent expiries and the US government's focus on reducing healthcare costs will continue to favour the growth of low-cost generics in the US market.

Going forward, the Company will focus on:

- Growing the share of specialty product revenues in its portfolio.
- Emphasising on complex generics and high-entry barrier segments.
- Ensuring a diversified offering to customers across multiple dosage forms.
- Sustaining and improving high service standards for customers.

INDIAN BRANDED GENERIC BUSINESS

Revenue share (%)
26

Revenue in FY19 (₹ Million)
73,483

FY14-19 revenue CAGR (%)
15

Market position with 8.2% market share[9]
No.1

Rank across prescriptions from 11 different classes of doctors[10]
No.1

Sun Pharma continues to be the undisputed industry leader in India, enjoying 8.2% share of the market. The Company is also the market leader in the chronic segment. It specialises in technically complex products and offers a comprehensive therapy basket. It enjoys a strong brand positioning with 30 brands featuring in the country's top 300 pharmaceutical brands list.

Industry-leading productivity

The Company has a 9,500+ strong field force that ensures it reach to 4 lakh+ doctors across India. The Company's well-trained team of sales representatives, powered by scientific knowledge, has a strong performance track record with the highest productivity in the industry.

FY19 highlights

- Revenue from the Indian branded generic business declined by 8.5% to ₹73,483 Million.
- The Company has decided to transition its India formulations distribution business from a third- party distributor to the Company's wholly-owned subsidiary with effect from April 1, 2019. As a part of this strategy shift, the Company undertook a one-time adjustment relating to sales return from the distributor and lower invoicing to this distributor, totalling ~₹10,850 Million. This has led to the year-on-year decline in sales. Excluding this one-time impact, the India formulations revenues would have grown by about ~5% year on year.

Chart 7 **Therapeutic revenue break-up[9]**

(%)

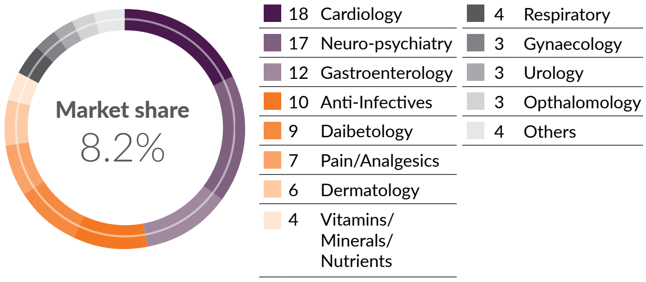


Table 9 **Leadership in prescription rankings[10]**

Specialist	February 2018	February 2019
Psychiatrists	1	1
Neurologists	1	1
Cardiologists	1	1
Orthopaedic	1	1
Gastroenterologists	1	1
Nephrologists	1	1
Diabetologists	1	1
Ophthalmologists	1	1
Dermatologists	1	1
Urologists	1	1
Oncologists	1	2
Consulting physicians	1	1
Chest physicians	1	2

Road ahead

India's pharmaceutical market growth is expected to be driven by increasing per capita income, rising healthcare awareness, higher incidence of chronic ailments and gradually widening insurance coverage. Despite these tailwinds, the pharmaceutical companies face key challenges, which include government-mandated price controls, regulatory changes and intense competitiveness.

Sun Pharma's key priorities comprise:

- Consistent innovation as a definite roadmap to ensure high brand equity with doctors.
- Product basket enhanced developed through own development and in-licensing.
- Focus on improving productivity to maintain industry leadership.

EMERGING MARKETS

Revenue share (%)
19

Revenue in FY19 (₹ Million)
53,625

FY14-19 revenue CAGR (%)
39

Sales representatives (Nos.)
~2,300

Market presence (Nos.)
~100

Local manufacturing presence (Countries)
7

The focus markets for this segment include Brazil, Mexico, Russia, Romania, South Africa and complementary and affiliated markets.

The Company offers an extensive array of branded products and leverages its strong marketing infrastructure through its ~2,300-member strong sales force. This enables enduring relationships with doctors and medical practitioners.

The Company enjoys local manufacturing facilities, enabling reduction in logistics cost, across 7 countries.

FY19 highlights

- Revenue from emerging markets increased by 11% to ₹53,625 Million.
- Key markets, which contributed to the growth were Romania, South Africa, Brazil, Malaysia and Bangladesh, coupled with a favourable foreign exchange rate.

Road ahead

The favourable macroeconomic parameters of emerging markets offer encouraging long-term potential, which is expected to be partly offset by the various government efforts to make pharmaceutical products more affordable for all.

Going forward, the Company will:

- Focus on developing and commercialising more products across therapeutic segments to exploit growth opportunities.
- Explore organic and inorganic options to widen and deepen footprint in key markets.
- Strengthen business profitability by launching complex products and reducing presence in low profitable, non-core product segments.

REST OF THE WORLD: WESTERN EUROPE, CANADA, JAPAN, AUSTRALIA, NEW ZEALAND AND OTHER MARKETS

Revenue share (%)
12

Revenue in FY19 (₹ Million)
34,554

FY14-19 revenue CAGR (%)
32

Sun Pharma is among the leading Indian companies that has a presence across major markets of Western Europe, Canada, Australia, New Zealand and Japan, among others. Across these geographies, the Company offers a wide range of products, including injectable and hospital products, as well as products for retail market. It also has a portfolio of long-listed products in the Japanese market.

The Company primarily focuses on the development and commercialisation of complex generics and differentiated products for these markets. It has adopted a distribution-led business model to enhance its reach across these markets and caters to them through local manufacturing in Canada, Japan, Israel and Hungary, along with support from its India units.

Expanding presence in Japan

Sun Pharma had acquired 14 established prescription brands from Novartis in March 2016. During FY19, it acquired Pola Pharma in Japan, to strengthen its presence in the Japanese dermatology segment.

FY19 highlights

- Revenue from rest of the world increased by 16% to ₹34,554 Million.
- The growth was driven in part by contribution from the Pola Pharma acquisition in Japan, increase in sales in some of the western European markets and a favourable exchange rate.

Road ahead

With demographic changes across these markets, especially in Western Europe and Japan, enhanced drug demand for geriatric care and chronic diseases will drive pharmaceutical consumption. Additionally, the adoption of newer specialty products as well as government policies to promote low-cost generics will propel growth in these markets.

Sun Pharma will focus on:

- Ramping up its presence in Japan.
- Commercialising its specialty products, especially Ilumya, in key markets either on its own or through partnerships.

GLOBAL CONSUMER HEALTHCARE BUSINESS

Key brands (No.)	International presence (No. of markets)	Ranked amongst top 10 players (No. of markets)
20	20+	4

Sun Pharma ranks among India's top 10 consumer healthcare companies. Globally, it operates in 20+ countries, of which Romania, Russia, South Africa, Nigeria, Myanmar, Ukraine, Poland, Thailand, Belarus, Kazakhstan, Morocco and the UAE are the focus markets. The Company is also counted among the top 10 consumer healthcare companies in Romania, Nigeria and Myanmar.

Road ahead

India's consumer healthcare market will be driven by the emerging middle class and rising healthcare consumption. Emerging markets are expected to sustain growth steered by enhanced healthcare awareness.

Capitalising on these enablers, Sun Pharma will:

- Continue to invest in the accelerating OTC business across key markets through brand building.
- Focus on distribution expansion through brand extensions.
- Expand presence across OTC sub-categories in various markets.
- Sustain leadership in existing markets by offering innovative products and packaging.
- Evaluate new emerging markets for entry.

ACTIVE PHARMACEUTICAL INGREDIENTS (API) BUSINESS

Revenue share (%)	Revenue in FY19 (₹ Million)	FY14-19 revenue CAGR (%)
6	17,302	17

DMF/CEP filings* (Nos.)	DMF/CEP approvals* (Nos.)	Manufacturing units (Nos.)
413	305	14

*as on March 31, 2019

Sun Pharma started producing APIs in 1995 to strengthen backward integration to drive cost competitiveness and supply reliability.

The API business is of strategic importance for Sun Pharma, as a significant portion of the API production acts as inputs for its formulations business. Besides captive consumption, the Company also supplies APIs to external customers across many international markets.

FY19 highlights

- Revenue from Active Pharmaceutical Ingredients (API) business increased by 24% to ₹17,303 Million.
- Key growth drivers include new contracts, better realisations and a favourable foreign exchange rate.

Road ahead

Key focus areas for the future will be:

- Timely development and commercialisation of strategic APIs for captive consumption.
- Expansion in the scale and scope of API operations.
- Development and sustenance of enduring supply relationships with customers.

Research and development

R&D spend as % of FY19 sales (%)	Cumulative R&D spend till date (₹ in Billion)	Team of scientists worldwide (Nos.)
6.9	150+	~2,000

Sun Pharma has consistently invested in R&D for sustainable value creation. It services both regulated and emerging pharmaceutical markets with a diverse product range of branded and generics products. The Company's R&D capabilities enable it to develop technology-intensive products and deliver them at affordable prices across international markets.

Sun Pharma's R&D centres are equipped with cutting-edge technologies, where its scientists develop generics, difficult-to-make technology-intensive products, APIs and novel drug delivery systems (NDDS). Additionally, the Company is focusing on the development of new chemical entities (NCEs) for global markets and has made significant investments in this domain. It also has a dedicated intellectual property rights (IPR) team, with internal and external lawyers, that supports its R&D efforts.

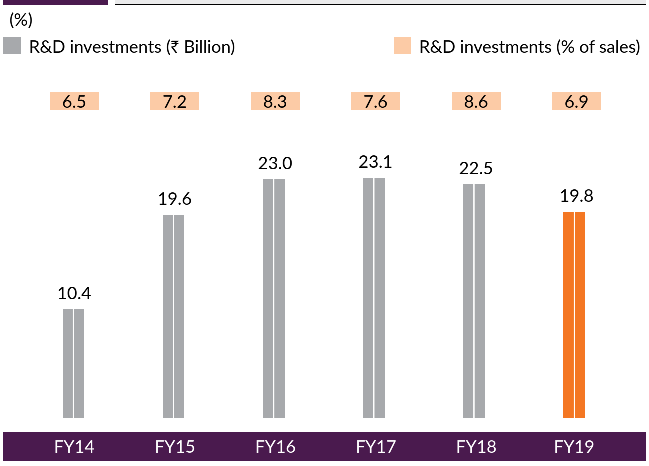
The Company has the capability to develop and commercialise a wide product range with successful offerings across different dosage forms such as gels, injectables, sprays, ointments, liquids and oral products, among others. Sun Pharma also manufactures liposomal products, auto-injectors, lyophilized injections, nasal sprays, and controlled release dosage forms.

Sun Pharma is focusing on the development of non-infringing formulations and expansion of the specialty/complex products portfolio. Its R&D spend is sustained by strong cashflows and large scale of the Company.

Going forward, the Company's R&D efforts will be focused at:

- Developing complex/differentiated generic products for global markets.
- Developing specialty products to enhance the specialty portfolio.

Chart 8 Consistent investments in R&D



Global manufacturing competence

Sun Pharma enjoys world-class production facilities spanning the five continents of Asia, Europe, Africa, North America and Australia. It owns 44 state-of-the-art manufacturing units that produce formulations and APIs. The Company enjoys vertically integrated operations that equip it to maintain a high-quality and low-cost value chain for timely market entry across geographies.

It has manufacturing units located in India, the US, Canada, Japan, Hungary, Israel, Russia, Egypt, Bangladesh, Nigeria, South Africa, Malaysia and Australia. These facilities are responsible for seamless production of oncology, hormones, peptides, controlled substances and steroidal drugs. They also manufacture generics, branded generics, specialty products, OTC products, ARVs and APIs, along with intermediates in the full range of dosage forms: tablets, capsules, injectables, ointments, creams and liquids.

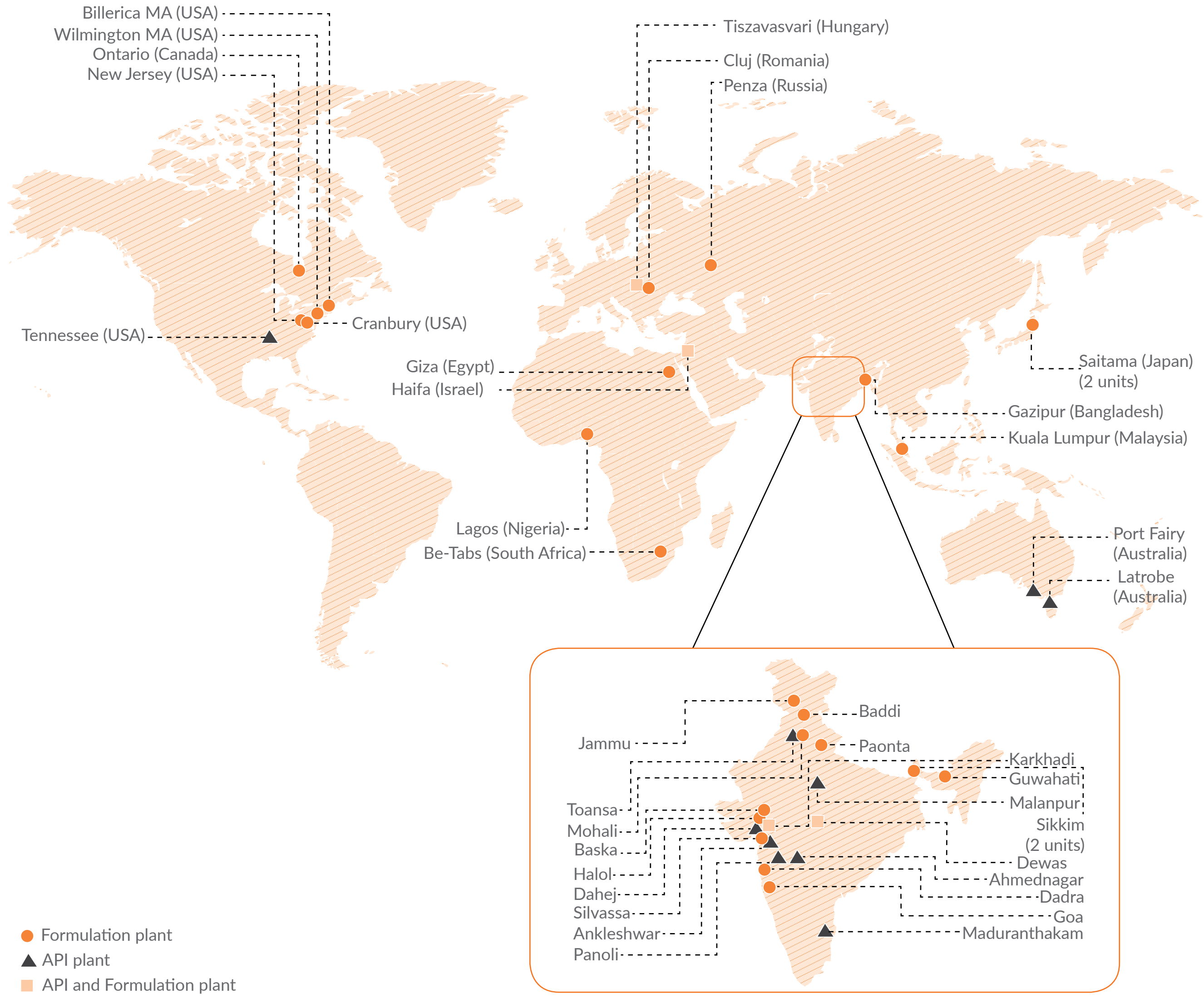
The Company has an expert team of regulatory affairs specialists, who are well-versed with the globally-relevant regulatory policies and procedures. They are experienced in timely filing of dossiers and concurrently managing the regulatory queries and timelines of regulatory authorities.

Sun Pharma meticulously follows global manufacturing standards and many of its manufacturing units are certified by regulatory authorities like the USFDA, the European Medicines Evaluation Agency (EMEA), the UK Medicines and Healthcare Products Regulatory Agency (MHRA), Australia's Therapeutic Goods Administration (TGA), South Africa's Medicines Control Council (MCC) and Germany's Federal Institute for Drugs and Medical Devices (BfArM). The Company also enjoys certifications by the Brazilian Health Regulatory Agency (ANVISA), the World Health Organization (WHO), South Korea's Ministry of Food and Drug Safety, and Japan's Pharmaceuticals and Medical Devices Agency. It emphasises on 24x7 compliance to Current Good Manufacturing Practice (cGMP) regulations, which is vital for a global business.

Table 10 Global Manufacturing Capability

	Finished dosage manufacturing	API manufacturing
Total number of sites	30	14
Locations	India (14)	India (9)
	USA (4)	Australia (2)
	Japan (2)	Israel, USA and Hungary (1 each)
	Canada, Hungary , Israel, Bangladesh, South Africa, Malaysia, Romania, Egypt, Nigeria and Russia (1 each)	
Capability	• Orals: Tablets/Capsules, semisolids, liquids and suppository.	• Controlled substances manufactured in Australia.
	• Injectables/Sterile: Vials, ampoules, pre-filled syringes, gels, lyophilized units, dry powder, eye drops and aerosols.	• Standalone units for peptides, anti-cancer, steroids and sex hormones.
	• Topicals: Creams and ointments.	

Global manufacturing footprint



Building an empowered team

Sun Pharma has a global strength of 32,000+ permanent team members across 50 different nationalities. It considers its people vital to its success and thus, endeavours to provide them with a congenial work culture that promotes work-life balance, provides growth opportunities and rewards and recognises talent.

The Company undertakes significant measures to help its people develop various skills through different training programmes. Sun Pharma promotes a culture of inclusive growth in the organisation to enrich knowledge and make its people future ready.

Quality adherence

Quality is sacrosanct at all Sun Pharma R&D centres, manufacturing units and testing and distribution facilities. The Company is committed to implementing a robust quality management system and sustains a culture of operational excellence and meeting and exceeding stakeholder expectations.

Sun Pharma believes in the motto of 'putting patients first' and its global Quality Management Team ensures every product complies with internationally accepted good practices and standards of quality, purity, efficacy and safety.

The Company has put stringent checks in place to conform to global quality standards and ensures compliance with the requirements of various regulators. It has cGMP certifications from various global regulatory authorities like USFDA, EMA, WHO and TGA, among others.

Sun Pharma has well-trained personnel for quality control at each site, who, along with a regulatory affairs department, ensure strict adherence to quality systems and procedures. The teams are guided by a Corporate Quality Unit, which oversees the translation of the latest GMP updates to guidelines, standard operating procedures (SOPs) and protocols. The Company's manufacturing plants are audited by an autonomous Corporate Compliance Department to set up 24x7 compliance and conformance.

Going ahead, Sun Pharma will continue to ensure 24x7 compliance to cGMP as an imperative for a global business. It will continue to enhance systems, processes and human capabilities to ensure compliance with global regulatory standards.

During the year, the USFDA granted an EIR to the Company's Halol facility, thus lifting the warning letter issued to the facility in 2015. Post the receipt of the EIR, the Company has started receiving new approvals from USFDA for the US market.

Table 11 SWOT analysis

Strengths	Opportunities	Threats and weaknesses
• Global presence – 4th largest global specialty generic company. • 8th largest generics company in the US. • Largest company in India by market share. • Among the largest Indian pharmaceutical company in emerging markets. • Among the largest Indian pharmaceutical company in Japan. • Strong R&D skillsets to develop technologically complex products in the generic and specialty space. • Ability to drive growth and profitability through a pragmatic mix of organic and inorganic initiatives. • Ability to supply high-quality products at affordable prices.	• Global efforts to reduce healthcare costs augur well for companies like Sun Pharma. • Favourable macroeconomic variable for India and emerging markets are likely to ensure reasonable volume growth for pharmaceutical products in these markets. • Contribution of specialty products is expected to increase in developed markets over the medium to long term. Sun Pharma forayed into this segment some years back; and is in the process of gradually ramping up this business as an additional growth engine. • Growing penetration of generics in Japan and opening of the China market, present a good long-term opportunity for Indian companies including Sun Pharma.	• Challenging US generic pricing environment driven by customer consolidation and faster pace of generic drug approvals by the USFDA. • Continuous upgradation of cGMP manufacturing standards by global regulatory agencies requires constant upgradation of facilities, resulting in higher compliance costs for the industry. • Government-mandated price controls on pharmaceutical products. • The specialty initiative entails high upfront investments for long-term benefits, thus impacting the short-term profitability. • Significant volatility in the forex market, especially for emerging market currencies, may adversely impact growth reported for a particular period.

Internal control

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

Global Internal Audit (GIA)

An independent and empowered GIA at the corporate level carries out risk-focused audits across all businesses (both in India and overseas), to ensure that business process controls are adequate and are functioning effectively. These audits include reviewing finance, operations, safeguarding of assets and compliance related controls. Areas requiring specialised knowledge are reviewed in partnership with external subject matter experts.

GIA's functioning is governed by the Audit Charter, duly approved by the Audit Committee of the Board, which stipulates matters contributing to the proper and effective conduct of the audit. The audit processes are fully automated on a 'SunScience' tool which integrates audit, Internal Financial Controls (IFC) and Enterprise Risk Management (ERM) modules.

The Company's operating management closely monitors the internal control environment and ensures that the recommendations of GIA are effectively implemented. The Audit Committee of the Board monitors performance of GIA, periodically reviews key findings and provides strategic guidance.

Disclaimer

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

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Board's Report

Your Directors take pleasure in presenting the Twenty-Seventh Annual Report and Company's Audited Financial Statements for the financial year ended March 31, 2019.

Financial Results

(₹ in Million)

	Standalone		Consolidated	
	Year ended March 31, 2019	Year ended March 31, 2018*	Year ended March 31, 2019	Year ended March 31, 2018#
Revenue from operations	103,032.1	90,062.5	290,659.1	264,894.6
Profit before exceptional item and tax	19,338.3	12,307.5	50,245.8	44,294.8
Exceptional Item	12,143.8	9,505.0	12,143.8	9,505.0
Profit before tax but after exceptional item	7,194.5	2,802.5	38,102.0	34,789.8
Tax expense:				
- Current Tax	15.5	20.2	8,039.6	6,628.0
- Deferred Tax Charge / (Credit)	(987.0)	(274.1)	(2,030.8)	(62.1)
- Deferred tax charge / (Credit) - exceptional	-	-	-	2,544.5
Profit after tax	8,166.0	3,056.4	32,093.2	25,679.4
Profit after Tax but before Share in profit / (loss) of associates / joint ventures	-	-	32,093.2	25,679.4
Share of (loss) of associates / joint ventures [Net]	-	-	(14.6)	(254.4)
Profit for the year before non-controlling interests	-	-	32,078.6	25,425.0
Non-controlling interests	-	-	5,424.4	4,468.0
Profit for the year attributable to owners of the Company	-	-	26,654.2	20,957.0
Total other Comprehensive Income	1,837.4	566.9	16,799.9	5,232.5
Total Comprehensive Income for the year attributable to:	10,003.4	3,623.3	48,878.5	30,657.5
- Owners of the Company	10,003.4	3,623.3	42,054.1	25,711.8
- Non-Controlling Interest	-	-	6,824.4	4,945.7
Opening balance in Retained Earnings	120,370.0	124,860.0	319,777.0	309,250.9
Additions:				
Amount available for appropriation	8,273.3	3,490.8	26,804.4	21,464.7
Less: Appropriations				
Dividend on Equity Shares	4,791.6	7,977.4	4,791.6	7,977.4
Dividend Distribution Tax	5.6	3.4	984.9	1,624.0
Transfer to various Reserves:				
- Capital redemption Reserve	-	-	-	-
- Debenture redemption Reserve	-	-	(1,250.0)	(833.4)
- Capital reserve	-	-	-	-
- Buy-back of equity shares by overseas subsidiaries	-	-	2,013.1	2,168.1
- Adjustment on account of Ind AS 115	-	-	6,493.0	-
- Legal reserve	-	-	203.9	2.5
- General reserve	-	-	43.0	-
Closing balance in Retained Earnings	123,846.1	120,370.0	333,301.9	319,777.0

*Refer Note 56(11) of Standalone Financial Statements

#Refer Note 66 of Consolidated Financial Statements

Dividend

Your Directors have recommended a dividend of ₹2.75 (Rupees two and paise seventy five only) per equity share of ₹1/- each [previous year ₹2.00/- per equity share of ₹1/- each] for the year ended March 31, 2019, subject to the approval of the equity shareholders at the ensuing 27th Annual General Meeting of the Company.

The dividend payout is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is provided as 'Annexure – A' to this Report. The policy is also available on the website of the Company and can be accessed through the web link: http://www.sunpharma.com/policies.

Changes in Capital Structure

During the year under review, the Company has allotted 11790 equity shares of ₹1/- each under Sun Employee Stock Option Scheme - 2015 thereby the paid up share capital of the Company increased to ₹2,399,334,970/- (Rupees Two Billion Three Hundred Ninety Nine Million Three Hundred Thirty Four Thousand Nine Hundred Seventy only) as on March 31, 2019.

Scheme of Arrangements

1. During the year, the Hon'ble National Company Law Tribunal of Gujarat at Ahmedabad had vide its Order dated October 31, 2018 sanctioned the Scheme of Arrangement among the Company and Sun Pharma Global FZE ("Transferor Company"), a wholly owned subsidiary of the Company and their respective members and creditors ("Scheme") whereby the Specified Undertaking (as defined in the Scheme) of Transferor Company stands demerged into the Company w.e.f. December 01, 2018 with appointed date being April 01, 2017. No consideration was paid pursuant to the Scheme.
2. During the year, the Board of Directors at its meeting held on May 25, 2018 had approved a Composite Scheme of Arrangement among the Company and Sun Pharma (Netherlands) B.V. (Transferee Company-1) and Sun Pharmaceutical Holdings USA Inc. (Transferee Company-2), wholly owned subsidiaries of the Company and their respective members and creditors ("Composite Scheme"), for demerger of Specified Investment Undertaking -1 (as defined in the Composite Scheme) of the Company into Sun Pharma (Netherlands) B.V. and Specified Investment Undertaking -2 (as defined in the Composite Scheme) of the Company into Sun Pharmaceutical Holdings USA Inc. The Hon'ble National Company Law Tribunal of Gujarat, at Ahmedabad ("NCLT") has vide its Order dated April 11, 2019 dispensed with convening of meeting of secured creditors of the Company and ordered to convene the meeting of equity shareholders and unsecured creditors of the Company on June 04, 2019 to approve the Composite Scheme with appointed date as April 01, 2017 or such other date as may be agreed between the Transferee Company-1, Transferee Company-2 and the Company and approved by the NCLT. Pursuant to said Composite Scheme, no consideration shall be paid. This demerger shall enable the Company to address the risks and policies, ability to strategise the remaining business for long term growth, consolidation and creation of shareholder value, etc.

Extract of Annual Return

The extract of Annual Return as required under sub-section (3) of Section 92 of the Companies Act, 2013 ('the Act') in form MGT-9 is provided as 'Annexure – B' to this Report and is also made available on the website of the Company at https://www.sunpharma.com/investors/annualreports.

Subsidiaries/ Joint Ventures/ Associate Companies

The statement containing the salient features of the Financial Statements of the Company's subsidiaries/ joint ventures/ associate companies is given in Form AOC – 1, provided in Notes to the Consolidated Financial Statements, forming part of the Annual Report.

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

Details pertaining to companies that became subsidiaries/ joint ventures/associates and those that ceased to be the subsidiaries / joint ventures/associates of the Company during the year are provided in Note no. 39 of the Notes to the Consolidated Financial Statements, forming part of the Annual Report.

Directors and Key Managerial Personnel

Mr. Sailesh T. Desai and Mr. Kalyanasundaram Subramanian, Whole-time Directors of the Company retire by rotation at the ensuing 27th Annual General Meeting of the Company and being eligible offer themselves for reappointment.

During the year, Mr. Gautam Doshi was appointed as an Additional Independent Director of the Company with effect from May 25, 2018. Mr. Vivek Chaand Sehgal and Mr. Gautam Doshi have been appointed as Independent Directors of the Company for a term of 5 (five) years each effective from November 14, 2017 and May 25, 2018 upto November 13, 2022 and May 24, 2023 respectively by the members at the 26th Annual General Meeting of the Company held on September 26, 2018.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the consent of the members by way of Special Resolution, was obtained at the 26th Annual General Meeting of the Company for continuation as Director beyond the age of seventy five years, of Mr. Israel Makov, Non-Executive Director and the Chairman of the Company, as he had attained an age of 79 years.

Mr. S. Mohanchand Dadha, Mr. Keki Mistry and Mr. Ashwin Dani, Independent Directors having completed second term of 2 (two) years of their respective appointments on the conclusion of the 26th Annual General Meeting of the Company, all the three aforementioned Independent Directors retired and ceased to be Directors of the Company w.e.f. the conclusion of the 26th Annual General Meeting of the Company held on September 26, 2018. The Board of Directors places on record their appreciation for contribution made by Mr. S. Mohanchand Dadha, Mr. Keki Mistry and Mr. Ashwin Dani during their tenure as Independent Directors of the Company.

Mr. Sudhir V. Valia has stepped down from the position of Whole-time Director of the Company w.e.f. May 29, 2019. However, he shall continue as a Non-Executive and Non-Independent Director of the Company.

Appropriate resolutions for the re-appointment of the Directors are being placed for your approval at the ensuing 27th Annual General Meeting. Your Directors recommend the same for approval by the members at the ensuing 27th Annual General Meeting of the Company.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Act and under Listing Regulations.

In the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified in the Act and Listing Regulations and are independent of the management.

Remuneration Policy for Directors, Key Managerial Personnel and Other Employees and Criteria for Appointment of Directors

For the purpose of selection of any Director, the Nomination and Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfils such criteria with regard to qualifications, positive attributes, independence, age and other criteria as laid down under the Act, Listing Regulations or other applicable laws. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on remuneration of Directors, Key Managerial Personnel and other Employees.

The salient features of the Remuneration Policy of the Company are as under:

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

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

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

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

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

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

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

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

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

Designation / Class	To be determined by
Director	Board of Directors on the recommendation of the Nomination and Remuneration Committee within the limits approved by the shareholders
Key Managerial Personnel and Senior Management	Board of Directors on recommendation of the Nomination and Remuneration Committee
Other employees	Human Resources Head

Note: For the purpose of this Policy, the term 'Senior Management' shall have the same meaning as defined under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

The complete Policy as approved by the Board is available on the website of the Company and can be accessed through the web link: http://www.sunpharma.com/policies.

Familiarisation programme for the Independent Directors

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

Number of meetings of the Board

The Board of Directors of the Company met 5 (Five) times during the year under review on May 25, 2018; August 14, 2018; September 26, 2018; November 13, 2018 and February 12, 2019. The particulars of attendance of the Directors at the said meetings are provided in detail in the Corporate Governance Report, which forms a part of this Report. The intervening gap between the meetings was within the period prescribed under the Act and Listing Regulations.

Evaluation of performance of the Board, its Committees and Individual Directors

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

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

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

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, competency of Directors, experience of Director, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the management from the Board etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as mandate and composition, effectiveness of the committee, structure of the committee and meetings, independence of the committee from the Board and contribution to decisions of the Board. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as qualification, experience, knowledge and competency, fulfilment of functions, availability and attendance, initiative, integrity, contribution and commitment etc., and the Independent Directors were additionally evaluated on the basis of independence, independent views and judgement etc. Further the evaluation of Chairman of the Board, in addition to the above criteria for individual Directors, also included evaluation based on effectiveness of leadership and ability to steer the meetings, impartiality, etc.

The Chairman and other members of the Board discussed upon the performance evaluation of every Director of the Company and concluded that they were satisfied with the overall performance of the Directors individually and that the Directors generally met their expectations of performance.

The summary of the feedback from the members were thereafter discussed in detail by the members. The respective Director, who was being evaluated, did not participate in the discussion on his/her performance evaluation and had exited the meeting for the said discussion. During the discussion in respect of performance of Mr. Dilip Shanghvi and Mr. Sudhir Valia, both Mr. Dilip Shanghvi and Mr. Sudhir Valia had exited the meeting.

The Chairman additionally interacted with each Director individually, for evaluation of performance of all Individual Directors and Mr. Dilip Shanghvi, along with other Directors had evaluated the performance of Mr. Israel Makov as the Chairman and as an Individual Director. They were satisfied with the overall performance of the Directors individually and that the Directors generally met their expectations of performance.

Human Resources

We have more than 32,000 talented employee base spread across multiple geographies in various sales offices, R&D centers, 40 + manufacturing locations, Regional offices and Corporate office. We believe our employees are pivotal to all the initiatives that drive us to realise our future plans. Human Resource agenda encourages high performance culture with focus on Employee safety & welfare, Employee development & Productivity. Your Directors would also like to take this opportunity to express their appreciation for the dedication and commitment of the employees of the Company and look forward to their continued contribution.

Information as per Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in 'Annexure – C' to this Report. Further, the information pertaining to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the names and other particulars of employees is available for inspection at the Registered office of the Company during business hours and pursuant to the second proviso to Section 136(1) of the Act, the Report and the accounts are being sent to the members excluding this. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/Compliance Officer at Corporate office or Registered office address of the Company.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavour of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has arranged various interactive awareness workshops in this regard for the employees at the manufacturing sites, R & D set ups & corporate office during the year under review. The Company has submitted the Annual Returns to the local authorities, as required under the above mentioned Act.

During the financial year ended March 31, 2019, three complaints pertaining to sexual harassment were received and the same were resolved by the Company. There are no complaints pending as at the end of the financial year.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Auditors

Statutory Auditors

S R B C & Co LLP, Chartered Accountants, (Firm's Regn. No. 324982E/ E300003), were appointed as the Statutory Auditors of the Company for a period of 5 (five) years at the 25th Annual General Meeting of the Company to hold office till the conclusion of the 30th Annual General Meeting of the Company.

The Auditor's Report for the financial year ended March 31, 2019, has been issued with an unmodified opinion, by the Statutory Auditors.

Secretarial Auditor

The Board had appointed KJB & Co. LLP, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2019. The Secretarial Audit Report in the Form No. MR – 3 for the year is provided as 'Annexure – D' to this Report. The Secretarial Audit Report for the year does not contain any qualification, reservation or adverse remark.

Cost Auditor

The Board has appointed Messrs B M Sharma & Associates, Cost Accountants, Pune (Firm's Registration No. 100537) as Cost Auditor of the Company for conducting Cost Audit in respect of Bulk Drugs & Formulations of your Company for the financial year 2019-20.

The Company is required to maintain Cost Records as specified by the Central Government under Section 148(1) of the Act and accordingly, such accounts and records are made and maintained by the Company.

Secretarial Standards

The Company has complied with the applicable Secretarial Standards as amended from time to time.

Loans, Guarantees & Investments

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

Related Party Transactions

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

As required under Section 134(3)(h) of the Act, details of transactions entered with related parties under the Act exceeding ten percent of the annual consolidated turnover as per the last audited financial statements are given in Form AOC-2 provided as 'Annexure – E' to this Report.

Audit Committee Composition

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

Risk Management

The Board of Directors has constituted a Risk Management Committee which is entrusted with the responsibility of overseeing various strategic, operational and financial risks that the organisation faces, along with the adequacy of mitigation plans to address such risks. The Corporate Governance Report, which forms part of this report, contains the details of Risk Management Committee of the Company. There is an overarching Risk Management Policy in place has been reviewed and approved by the Board.

The Company has developed & implemented an integrated Enterprise Risk Management Framework through which it identifies monitors, mitigates & reports key risks that impacts its ability to meet the strategic objectives. The Company's ERM framework is based on the recommendations by the Committee of Sponsoring Organisations (COSO) to further the organisation's endeavor to strengthen ERM framework and processes using best practices. The ERM team engages with all Function heads to identify internal and external events that may have an adverse impact on the achievement of Company's objectives and periodically monitors changes in both internal and external environment leading to emergence of a new threat/risk. These risks are captured in the form of a risk register with all the relevant information such as risk description, root cause and any existing mitigation plans. The risk register is refreshed annually. Risks are categorised into Strategic, Financial, Operational, Compliance & Reputational. ERM risk assessments covering Company's various businesses and functions are a key input for the annual internal audit program. During FY 2018-19, the ERM team focused on reviewing effectiveness of actions taken to mitigate certain business, cyber security and other operational risks.

Internal Financial Controls

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

Global Internal Audit

An independent and empowered Global Internal Audit Function (GIA) at the corporate level carries out risk-focused audits across all businesses (both in India and overseas), to ensure that business process controls are adequate and are functioning effectively. These audits include reviewing finance, operations, safeguarding of assets and compliance related controls. Areas requiring specialised knowledge are reviewed in partnership with external subject matter experts.

GIA's functioning is governed by the Audit Charter, duly approved by the Audit Committee of the Board, which stipulates matters contributing to the proper and effective conduct of audit. The audit processes are fully automated on a 'SunScience' tool which integrates audit, Internal Financial Controls (IFC) and Enterprise Risk Management (ERM) modules.

The Company's operating management closely monitors the internal control environment and ensures that the recommendations of GIA are effectively implemented. The Audit Committee of the Board monitors performance of GIA, periodically reviews key findings and provides strategic guidance.

Corporate Social Responsibility

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

Public Deposits

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

Management Discussion and Analysis

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

Corporate Governance Report

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

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as 'Annexure – G' to this Report.

Employees' Stock Option Schemes

The Company presently has only one Employees' Stock Option Scheme, which is inherited from erstwhile Ranbaxy Laboratories Limited ("Ranbaxy"). The scheme is through Direct Route and has been named as Sun Pharma Employee Stock Option Scheme – 2015. The scheme was adopted by the Company with certain amendments consequent upon merger of erstwhile Ranbaxy into the Company. The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

Significant and Material Orders Passed by the Regulators or Courts or Tribunals

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

Whistle Blower Policy / Vigil Mechanism

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

Directors' Responsibility Statement

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

a) in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;

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

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

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

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

Consolidated Accounts

The consolidated financial statements for the year ended March 31, 2019 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Credit Rating

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

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

Business Responsibility Reporting

The Business Responsibility Report of the Company for the year ended March 31, 2019, forms part of the Annual Report and is also made available on the website of the Company at http://www.sunpharma.com/pdflist/all-documents.

Acknowledgements

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

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman

Annexure - A

DIVIDEND DISTRIBUTION POLICY

1. Objectives and Scope:

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

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

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

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

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

The Policy shall not apply to:

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

2. Relevant Regulations

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalisation calculated as on the 31st day of March of every year.

The Company, being one of the top five hundred listed Companies in India on the basis of market capitalisation, requires to comply with the requirements of Regulation 43A.

3. Effective Date

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

4. Category of Dividends

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

5. Payment of Dividend from Reserves

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

6. Circumstances to be Considered While Determining Dividend Pay-Out

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

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

- **Operating cash flow of the Company**
  The Board will consider the impact of proposed dividend on the operating cash flow of the Company and shall satisfy itself of its adequacy before taking a decision on whether to declare dividend or retain its profits.
- **Transfer to Reserves and other Statutory Requirements**
  The Board shall examine the implication of relevant statutory requirements including payment of Dividend Distribution Tax, transfer of a certain portion of profits to Reserves etc., if applicable, on the financials of the Company at the time of taking decision with regard to dividend declaration or retention of profit.
- **Covenants with lenders/ Debenture Trustees, if any**
  The decision of dividend pay-out shall also be subject to compliance with covenants contained in any agreement entered into by the Company with the Lenders/ Debenture Trustee's, from time to time, if any.
- **Prudential & Strategic requirements**
  The Board shall analyse the ongoing and prospective projects and strategic decisions including need for replacement of capital assets, expansion and modernisation etc., before recommending Dividend Pay-out for any financial year with an object to build a healthy reserve of retained earnings to augment long term strength and to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company.
- **Expectations of major stakeholders, including small shareholders**
  The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits and/or out of the accumulated profits of the Company, shall, as far as possible, consider the expectations of the major stakeholders including the small shareholders of the Company who generally expect a regular dividend payout.

7. The Financial Parameters that shall be considered while declaring/ recommending Dividend

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

- **Return on invested capital**
  The efficiency with which the Company uses its capital will impact the decision of dividend declaration.
- **Magnitude of earnings of the Company**
  Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.
- **Cost of borrowings**
  The Board will analyse the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.
- **Obligations to creditors**
  The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. The decision of dividend declaration shall be taken after considering the volume of such obligations and time period of repayment.
- **Adequacy of profits**
  If during any financial year, the Board determines that the profits of the Company are inadequate on standalone basis and/or consolidated basis, the Board may decide not to declare dividends for that financial year.
- **Post dividend Earning Per Share (EPS)**
  The post dividend EPS can have strong impact on the funds of the Company, thus, impacting the overall operations on day-today basis and therefore, affects the profits and can impact the decision for dividend declaration during a particular year.

8. Factors that may affect Dividend Payout

- **Internal Factors**

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

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

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

- **External Factors**

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

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

Statutory Restrictions

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

Tax implications

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

9. Range of Dividend Pay-Out

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

10. Manner of Utilisation of Retained Earnings

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

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

11. Review and Amendment

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

Annexure - B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

i)	CIN	L24230GJ1993PLC019050
ii)	Registration Date	March 01, 1993
iii)	Name of the Company	Sun Pharmaceutical Industries Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered Office and Contact details	SPARC, Tandalja, Vadodara 390012, Gujarat Tel No: +91 0265 6615500
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186270

SUN PHARMA

II. Principal Business Activities of the Company

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to Total turnover of the company
1	Pharmaceuticals	210	100

III. Particulars of Holding, Subsidiary and Associate Companies as on March 31, 2019

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	2 Independence Way LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
2.	3 Skyline LLC	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
3.	Aditya Acquisition Company Ltd.	Israel	Not Applicable	Subsidiary	100.00	2(87)(ii)
4.	Alkaloida Chemical Company Zrt.	Hungary	Not Applicable	Subsidiary	99.99	2(87)(ii)
5.	AO Ranbaxy	Russia	Not Applicable	Subsidiary	100.00	2(87)(ii)
6.	Basics GmbH	Germany	Not Applicable	Subsidiary	100.00	2(87)(ii)
7.	Caraco Pharmaceuticals Private Limited	India	U24100MH2012FTC225970	Subsidiary	100.00	2(87)(ii)
8.	Chattem Chemicals Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
9.	Dungan Mutual Associates, LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
10.	Dusa Pharmaceuticals, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
11.	Faststone Mercantile Company Private Limited	India	U51900MH2006PTC159266	Subsidiary	100.00	2(87)(ii)
12.	Foundation for Disease Elimination and Control of India	India	U85190MH2016NPL286097	Subsidiary	100.00	2(87)(ii)
13.	Green Eco Development Centre Limited	India	U90009GJ2010PLC062892	Subsidiary	100.00	2(87)(ii)
14.	Insite Vision Incorporated	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
15.	JSC Biosintez	Russia	Not Applicable	Subsidiary	96.96	2(87)(ii)
16.	Kakayu Co., Ltd.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
17.	Laboratorios Ranbaxy S.L.U.	Spain	Not Applicable	Subsidiary	100.00	2(87)(ii)
18.	Morley & Company, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
19.	Mutual Pharmaceutical Company Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
20.	Neetnav Real Estate Private Limited	India	U45200MH2010PTC201611	Subsidiary	100.00	2(87)(ii)
21.	Office Pharmaceutique Industriel Et Hospitalier	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
22.	Ohm Laboratories Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
23.	One Commerce Drive LLC	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
24.	OOO "Sun Pharmaceutical Industries" Limited	Russia	Not Applicable	Subsidiary	100.00	2(87)(ii)
25.	Pharmalucence, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
26.	PI Real Estate Ventures, LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
27.	Pola Pharma Inc.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
28.	Ranbaxy South Africa (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
29.	Ranbaxy (Malaysia) SDN. BHD.	Malaysia	Not Applicable	Subsidiary	95.67	2(87)(ii)
30.	Ranbaxy (Poland) SP. Z.O.O.	Poland	Not Applicable	Subsidiary	100.00	2(87)(ii)
31.	Ranbaxy (Thailand) Co., Ltd.	Thailand	Not Applicable	Subsidiary	100.00	2(87)(ii)
32.	Ranbaxy (U.K.) Limited	UK	Not Applicable	Subsidiary	100.00	2(87)(ii)
33.	Ranbaxy Farmaceutica Ltda.	Brazil	Not Applicable	Subsidiary	100.00	2(87)(ii)
34.	Ranbaxy Holdings (U.K.) Limited	UK	Not Applicable	Subsidiary	100.00	2(87)(ii)
35.	Ranbaxy Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
36.	Ranbaxy Ireland Limited	Ireland	Not Applicable	Subsidiary	100.00	2(87)(ii)
37.	Ranbaxy Italia S.P.A.	Italy	Not Applicable	Subsidiary	100.00	2(87)(ii)
38.	Ranbaxy Nigeria Limited	Nigeria	Not Applicable	Subsidiary	86.16	2(87)(ii)
39.	Ranbaxy Pharmaceuticals (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
40.	"Ranbaxy Pharmaceuticals Ukraine" LLC	Ukraine	Not Applicable	Subsidiary	100.00	2(87)(ii)
41.	Ranbaxy Pharmacie Generiques	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
42.	Ranbaxy Signature LLC	USA	Not Applicable	Subsidiary	67.50	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
43.	Realstone Multitrade Private Limited	India	U51900MH2006PTC158889	Subsidiary	100.00	2(87)(ii)
44.	Rexcel Egypt LLC	Egypt	Not Applicable	Subsidiary	100.00	2(87)(ii)
45.	Terapia SA	Romania	Not Applicable	Subsidiary	96.81	2(87)(ii)
46.	Skisen Labs Private Limited	India	U73100MH2005PTC150606	Subsidiary	100.00	2(87)(ii)
47.	Softdeal Trading Company Private Limited	India	U51900MH2006PTC159237	Subsidiary	100.00	2(87)(ii)
48.	Sonke Pharmaceuticals Proprietary Limited	South Africa	Not Applicable	Subsidiary	70.00	2(87)(ii)
49.	SPIL De Mexico S.A. DE C.V.	Mexico	Not Applicable	Subsidiary	100.00	2(87)(ii)
50.	Sun Farmaceutica do Brasil Ltda.	Brazil	Not Applicable	Subsidiary	100.00	2(87)(ii)
51.	Sun Global Canada Pty. Ltd.	Canada	Not Applicable	Subsidiary	100.00	2(87)(ii)
52.	Sun Global Development FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
53.	Sun Laboratories FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
54.	Sun Pharma Laboratories Limited	India	U25200MH1997PLC240268	Subsidiary	100.00	2(87)(ii)
55.	Sun Pharma (Netherlands) B.V. [Formerly known as Ranbaxy (Netherlands) B.V.]	Netherlands	Not Applicable	Subsidiary	100.00	2(87)(ii)
56.	Sun Pharma ANZ Pty Ltd	Australia	Not Applicable	Subsidiary	100.00	2(87)(ii)
57.	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	Canada	Not Applicable	Subsidiary	100.00	2(87)(ii)
58.	Sun Pharma DE Mexico S.A. DE C.V.	Mexico	Not Applicable	Subsidiary	75.00	2(87)(ii)
59.	Sun Pharma DE Venezuela, C.A.	Venezuela	Not Applicable	Subsidiary	100.00	2(87)(ii)
60.	Sun Pharma Distributors Limited	India	U51909MH2019PLC322778	Subsidiary	100.00	2(87)(ii)
61.	Sun Pharma East Africa Limited	Kenya	Not Applicable	Subsidiary	100.00	2(87)(ii)
62.	Sun Pharma Egypt Limited LLC (Formerly known as Ranbaxy Egypt Ltd)	Egypt	Not Applicable	Subsidiary	100.00	2(87)(ii)
63.	Sun Pharma Global FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
64.	Sun Pharma Healthcare FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
65.	Sun Pharma Holdings	Mauritius	Not Applicable	Subsidiary	100.00	2(87)(ii)
66.	Sun Pharma Japan Ltd.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
67.	Sun Pharma Philippines, Inc.	Philippines	Not Applicable	Subsidiary	100.00	2(87)(ii)
68.	Sun Pharma Switzerland Ltd.	Switzerland	Not Applicable	Subsidiary	100.00	2(87)(ii)
69.	Sun Pharmaceutical Industries, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
70.	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	Not Applicable	Subsidiary	72.50	2(87)(ii)
71.	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	Not Applicable	Subsidiary	100.00	2(87)(ii)
72.	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	Not Applicable	Subsidiary	100.00	2(87)(ii)
73.	Sun Pharmaceutical Industries S.A.C.	Peru	Not Applicable	Subsidiary	100.00	2(87)(ii)
74.	Sun Pharmaceutical Medicare Limited	India	U36900GJ2017PLC095132	Subsidiary	100.00	2(87)(ii)
75.	Sun Pharmaceutical Peru S.A.C.	Peru	Not Applicable	Subsidiary	99.33	2(87)(ii)
76.	Sun Pharmaceuticals Holdings USA, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
77.	Sun Pharmaceuticals SA (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
78.	Sun Pharmaceuticals France	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
79.	Sun Pharmaceuticals Germany GmbH	Germany	Not Applicable	Subsidiary	100.00	2(87)(ii)
80.	Sun Pharmaceuticals Korea Ltd.	South Korea	Not Applicable	Subsidiary	100.00	2(87)(ii)
81.	Sun Pharmaceuticals Morocco LLC	Morocco	Not Applicable	Subsidiary	100.00	2(87)(ii)
82.	Taro International Ltd.	Israel	Not Applicable	Subsidiary	76.54	2(87)(ii)
83.	Taro Pharmaceutical Industries Ltd.	Israel	Not Applicable	Subsidiary	76.54	2(87)(ii)
84.	Taro Pharmaceutical Laboratories Inc.	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
85.	Taro Pharmaceuticals Europe B.V.	Netherlands	Not Applicable	Subsidiary	76.54	2(87)(ii)
86.	Taro Pharmaceuticals Inc.	Canada	Not Applicable	Subsidiary	76.54	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
87.	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	Not Applicable	Subsidiary	76.54	2(87)(ii)
88.	Taro Pharmaceuticals U.S.A., Inc.	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
89.	The Taro Development Corporation	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
90.	Universal Enterprises Private Limited	India	Not Applicable	Subsidiary	100.00	2(87)(ii)
91.	URL PharmPro, LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
92.	Zenotech Farmaceutica Do Brasil Ltda	Brazil	Not Applicable	Subsidiary	38.21	2(87)(ii)
93.	Zenotech Inc	USA	Not Applicable	Subsidiary	57.56	2(87)(ii)
94.	Zenotech Laboratories Limited	India	L27100AP1989PLC010122	Subsidiary	57.56	2(87)(ii)
95.	Zenotech Laboratories Nigeria Limited	Nigeria	Not Applicable	Subsidiary	57.50	2(87)(ii)
96.	ALPS LLC	USA	Not Applicable	Associate	19.99	2(6)
97.	Artes Biotechnology GmbH	Germany	Not Applicable	Associate	45.00	2(6)
98.	Composite Power Generation LLP	India	Not Applicable	Associate	36.90	2(6)
99.	Dr. Py Institute LLC	USA	Not Applicable	Associate	19.99	2(6)
100.	Generic Solar Power LLP	India	Not Applicable	Associate	28.76	2(6)
101.	HRE II LLC	USA	Not Applicable	Associate	19.99	2(6)
102.	HRE III LLC	USA	Not Applicable	Associate	19.99	2(6)
103.	HRE LLC	USA	Not Applicable	Associate	19.99	2(6)
104.	Intact Pharmaceuticals LLC	USA	Not Applicable	Associate	19.99	2(6)
105.	Intact Media LLC (Formerly Intact Skin Care LLC)	USA	Not Applicable	Associate	19.99	2(6)
106.	Medinstill Development LLC	USA	Not Applicable	Associate	19.99	2(6)
107.	Medinstill LLC	USA	Not Applicable	Associate	19.99	2(6)
108.	Trumpcard Advisors and Finvest LLP	India	Not Applicable	Associate	40.61	2(6)
109.	Vento Power Generation LLP	India	Not Applicable	Associate	40.55	2(6)
110.	Vintage Power Generation LLP	India	Not Applicable	Associate	39.41	2(6)
111.	Tarsius Pharma Ltd.	Israel	Not Applicable	Associate	18.33	2(6)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity as on March 31, 2019)

(i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS*									
1) Indian									
a) Individual / HUF	293200513	0	293200513	12.22	293200513	0	293200513	12.22	0.00
b) Central Government / State Government	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	1010366094	12000	1010378094	42.11	1010366094	12000	1010378094	42.11	0.00
d) Financial Institutions / Bank	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (Trusts)	1276774	0	1276774	0.05	1276774	0	1276774	0.05	0.00
Sub-total (A) (1):-	**1304843381**	**12000**	**1304855381**	**54.38**	**1304843381**	**12000**	**1304855381**	**54.38**	**0.00**
2) Foreign									
a) Individuals (NRIs)	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Financial Institutions / Bank	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter* (A)=(A)(1)+(A)(2)	**1304843381**	**12000**	**1304855381**	**54.38**	**1304843381**	**12000**	**1304855381**	**54.38**	**0.00**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	192509489	2500782	195010271	8.13	223325669	9342	223335011	9.31	1.18
b) Financial Institutions /Bank	22412015	3798	22415813	0.93	21068879	2293	21071172	0.88	-0.06
c) Central Government / State Government	0	0	0	0.00	2820	0	2820	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	168094940	0	168094940	7.01	166138398	0	166138398	6.92	-0.08
f) FIIs	3788557	17943	3806500	0.16	677802	15248	693050	0.03	-0.13
g) Foreign Venture Capital	0	0	0	0.00	0	0	0	0.00	0.00
h) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (specify) Foreign Portfolio Investor (Corporate)	387782873	0	387782873	16.16	372261678	0.00	372261678	15.52	-0.65
Foreign Bank	1504	23918	25422	0.00	8928	23789	32717	0.00	0.00
UTI	2235590	1380	2236970	0.09	3626731	1380	3628111	0.15	0.06
Alternate Investment Funds	1546565	0	1546565	0.06	1212911	0	1212911	0.05	-0.01
Sub-total (B)(1):-	**778371533**	**2547821**	**780919354**	**32.55**	**788323816**	**52052**	**788375868**	**32.86**	**0.31**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	102919063	153917	103072980	4.30	89415662	151840	89567502	3.73	-0.57
ii) Overseas	46000	0	46000	0.00	46000	0	46000	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹1 Lakh	138287020	9952424	148239444	6.18	139147990	8528636	147676626	6.15	-0.02
ii) Individual Shareholders holding nominal share capital in excess of ₹1 Lakh	27181865	125000	27306865	1.14	28686116	288000	28974116	1.21	0.07
c) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
d) Others (specify)									
i) Non Resident Indians(Repat)	4545204	331885	4877089	0.20	5427442	279740	5707182	0.24	0.03
ii) Non Resident Indians(Non Repat)	2565549	0	2565549	0.11	3161429	0	3161429	0.13	0.02
iii) Foreign Companies	671865	0	671865	0.03	276965	0	276965	0.01	-0.02
iv) Clearing Member	2695586	0	2695586	0.11	2938110	0	2938110	0.12	0.01
v) Other Directors	3783394	0	3783394	0.16	3746747	0	3746747	0.16	0.00
vi) Trusts	15374984	0	15374984	0.64	17502708	0	17502708	0.73	0.09
vii) Foreign Nationals	21040	0	21040	0.00	24636	0	24636	0.00	0.00
viii) Hindu Undivided Family	4424397	0	4424397	0.18	5263150	0	5263150	0.22	0.03
ix) IEPF	469252	0	469252	0.02	1218550	0	1218550	0.05	0.03
Sub-total (B)(2):-	**302985219**	**10563226**	**313548445**	**13.07**	**296855505**	**9248216**	**306103721**	**12.76**	**-0.31**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**1081356752**	**13111047**	**1094467799**	**45.62**	**1085179321**	**9300268**	**1094479589**	**45.62**	**0.00**
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs									
Employee Benefit Trust under SEBI (Share based employee benefit) Regulations, 2014	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	**2386200133**	**13123047**	**2399323180**	**100.00**	**2390022702**	**9312268**	**2399334970**	**100.00**	**0.00**

*includes Promoter Group

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of shares	% of total Shares of the company	% of shares Pledged/ encumbered to total Shares	No. of shares	% of total Shares of the company	% of shares Pledged/ encumbered to total Shares	
1	Dilip S. Shanghvi	230285690	9.60	0	230285690	9.60	0	0.00

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

Sr. No.			Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1.	Dilip S. Shanghvi	At the beginning of the year	230285690	9.60	230285690	9.60
		Increase / Decrease in Shareholding during the year	No Change during the year		230285690	9.60
		At the end of the year	230285690	9.60	230285690	9.60

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

Sr. No.	For Each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1.	Shanghvi Finance Private Limited	At the beginning of the year	282603	0.01	282603	0.01
	Increase / Decrease in Share holding#	October 23, 2018# (Pursuant to merger)	959489975	39.99	959772578	40.00
		At the end of the year	959772578	40.00	959772578	40.00
2.	Life Insurance Corporation of India	At the beginning of the year	145302877	6.06	145302877	6.06
	Increase / Decrease in Share holding	Various dates during the year*	(4085319)	(0.17)	141217558	5.89
		At the end of the year	141217558	5.89	141217558	5.89
3.	ICICI Prudential Value Discovery Fund and various Fund Accounts	At the beginning of the year	72006776	3.00	72006776	3.00
	Increase / Decrease in Share holding	Various dates during the year*	10086458	0.42	82093234	3.42
		At the end of the year	82093234	3.42	82093234	3.42
4.	Aditya Medisales Limited	At the beginning of the year	40153960	1.67	40153960	1.67
		At the end of the year	40153960	1.67	40153960	1.67
5.	Raksha S. Valia	At the beginning of the year	33830352	1.41	33830352	1.41
		At the end of the year	33830352	1.41	33830352	1.41
6.	Government of Singapore	At the beginning of the year	31322421	1.31	31322421	1.31
	Increase / Decrease in Share holding	Various dates during the year*	1702560	0.07	33024981	1.38
		At the end of the year	33024981	1.38	33024981	1.38
7.	Lakshdeep Investments & Finance (P) Ltd.	At the beginning of the year	35124907	1.46	35124907	1.46
	Increase / Decrease in Share holding	Various dates during the year*	(3740000)	(0.15)	31384907	1.31
		At the end of the year	31384907	1.31	31384907	1.31
8.	Reliance Capital Trustee Co Ltd. A/C Reliance Large Cap Fund and various Fund Accounts	At the beginning of the year	16376928	0.68	16376928	0.68
	Increase / Decrease in Share holding	Various dates during the year*	14448920	0.60	30825848	1.28
		At the end of the year	30825848	1.28	30825848	1.28

Sr. No.	For Each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
9.	Matthews Pacific Tiger Fund	At the beginning of the year	19254758	0.80	19254758	0.80
	Increase / Decrease in Share holding	Various dates during the year*	5032051	0.21	24286809	1.01
		At the end of the year	24286809	1.01	24286809	1.01
10.	UTI - Nifty Exchange Traded Fund	At the beginning of the year	16627671	0.69	16627671	0.69
	Increase / Decrease in Share holding	Various dates during the year*	3720108	0.16	20347779	0.85
		At the end of the year	20347779	0.85	20347779	0.85

Note: Shareholding has been consolidated on PAN basis.

Pursuant to Scheme of Amalgamation, Shanghvi Finance Private Limited ("SFPL"), which is a part of the Promoter Group of the Company, has w.e.f. 23.10.2018 acquired 95,94,89,975 Equity Shares of the Company representing 39.99% of the total paid-up equity share capital of the Company from 11 Transferor Companies namely 1) erstwhile Viditi Investment Private Limited; 2) erstwhile Tejaskiran Pharmachem Industries Private Limited; 3) erstwhile Quality Investment Private Limited; 4) erstwhile Family Investment Private Limited; 5) erstwhile Virtuous Share Investments Private Limited; 6) erstwhile Virtuous Finance Private Limited; 7) erstwhile Sholapur Organics Private Limited; 8) erstwhile Jeevanrekha Investrade Private Limited; 9) erstwhile Package Investrade Private Limited; 10) erstwhile Asawari Investment and Finance Private Limited; and 11) erstwhile Nirmit Exports Private Limited, which were forming part of the promoter group of the Company and were collectively holding the aforementioned equity shares of the Company.

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

(v) Shareholding of Directors and Key Managerial Personnel: (Held singly or jointly as first holder)

Sr. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total Shares of the company
1.	Israel Makov	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
2.	Dilip S. Shanghvi	At the beginning of the year	230285690	9.60	230285690	9.60
		At the end of the year	230285690	9.60	230285690	9.60
3.	Sudhir V. Valia	At the beginning of the year	14345019	0.60	14345019	0.60
		At the end of the year	14345019	0.60	14345019	0.60
4.	Sailesh T. Desai	At the beginning of the year@	3740747	0.16	3740747	0.16
	Increase / Decrease in Share holding	October 05, 2018	(2000)	(0.00)	3738747	0.16
		At the end of the year@	3738747	0.16	3738747	0.16
5.	Kalyanasundaram Subramanian	At the beginning of the year	0	0	0	0
	Increase / Decrease in Share holding	Various dates during the year$	201	0.00	201	0.00
		At the end of the year	201	0.00	201	0.00
6.	S. Mohanchand Dadha*	At the beginning of the year	0	0	0	0
		As on September 26, 2018	0	0	0	0
7.	Keki M. Mistry*	At the beginning of the year	43270	0.00	43270	0.00
		As on September 26, 2018	43270	0.00	43270	0.00
8.	Ashwin S. Dani*	At the beginning of the year	0	0	0	0
		As on September 26, 2018	0	0	0	0
9.	Rekha Sethi	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
10.	Vivek Chaand Sehgal	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
11.	Gautam Doshi#	As on May 25, 2018	8000	0.00	8000	0.00
		At the end of the year	8000	0.00	8000	0.00

Sr. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total Shares of the company
12.	CS Muralidharan	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
13.	Sunil Ajmera	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0

*Was Director upto September 26, 2018,

appointed as Director w.e.f. May 25, 2018,

@ includes shares transferred as margin, if any

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

V. INDEBTEDNESS

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

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits[1]	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	108.2	68,731.9	118.3	68,958.4
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due[2]	9.1	40.0	-	49.1
Total (i+ii+iii)	**117.3**	**68,771.9**	**118.3**	**69,007.5**
Change in Indebtedness during the financial year				
Addition: Principal Amount [3]	-	173,501.5	-	173,501.5
Reduction: Principal Amount [3]/[4]	-	177,975.2	20.9	177,996.1
Change: Addition / (Reduction) in Interest accrued but not Due	1.1	44.2	-	45.3
Net Change	**1.1**	**(4,429.5)**	**(20.9)**	**(4,449.3)**
Indebtedness at the end of the financial year				
i) Principal Amount	108.2	64,258.2	97.4	64,463.8
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due [2]	10.2	84.2	-	94.4
Total (i+ii+iii)	**118.4**	**64,342.4**	**97.40**	**64,558.2**

Notes:

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

(2) Interest accrued but not due on borrowings.

(3) Change in the OD & WCDL limit under Working Capital Facility forming part of Unsecured loans, have been shown on net basis.

(4) Ind AS adjustment in the outstanding as on March 31, 2019 of External Commercial Paper & Commercial papers are shown as reduction in principal amount.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. Dilip S. Shanghvi	Mr. Sudhir V. Valia	Mr. Sailesh T. Desai	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	1*	1*	11855400	11855402
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	262800	79200	371181	713181
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	**262801**	**79201**	**12226581**	**12568583**

Ceiling as per the Act: ₹499.9 Million (10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)

*Remuneration of Mr. Dilip Shanghvi and Mr. Sudhir V. Valia is ₹1/- each for the financial year 2018-19 and the remaining amount of ₹262800 and ₹79200 respectively pertain to notional value of perquisite as per Income Tax Act.

B. Remuneration to other directors for the year ended March 31, 2019:

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. S Mohanchand Dadha*	Mr. Keki Mistry*	Mr. Ashwin Dani*	Ms. Rekha Sethi	Mr. Vivek Chaand Sehgal	Mr. Gautam Doshi	Mr. Israel Makov	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(1) to (7)
1.	**Independent**								
	Fee for attending board / committee meetings	1000000	600000	200000	1500000	600000	1300000	-	5200000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**1000000**	**600000**	**200000**	**1500000**	**600000**	**1300000**	**0**	**5200000**
2.	**Other Non-Executive Directors**								
	Fee for attending board / committee meetings	-	-	-	-	-	-	900000	900000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**0**	**0**	**0**	**0**	**0**	**0**	**900000**	**900000**
	Total (B) = (1+2)	**1000000**	**600000**	**200000**	**1500000**	**600000**	**1300000**	**900000**	**6100000**
	Ceiling as per the Act:	Not applicable since no commission was paid during the year. Sitting Fee is ₹1,00,000 for each meeting of the Board /Committee attended by the Director.							
	Total Managerial Remuneration (A+B):								**18668583**

*For part of the year upto September 26, 2018

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(As per Form 16, on actual payment basis)

(₹ in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Sunil Ajmera (Company Secretary)	Mr. CS Muralidharan (Chief Financial Officer)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	13.39	32.02	45.41
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.79	1.11
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5.	Others, please specify	-	-	-
	Total	**13.71**	**32.81**	**46.52**

VII. Penalties / Punishment / Compounding of Offences Against Company, Directors and Other Officers in Default: NIL

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman

SUN PHARMA

Annexure - C

Information required under Section 197 of the Act Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19:

Name of Director and Key Managerial Personnel	Designation	Ratio of remuneration[1] of each Director to median remuneration of employees	increase/ (decrease) in Remuneration[1] in the Financial Year 2018-19
Directors:			
Mr. Israel Makov	Non-executive Chairman	1.87	0.0%
Mr. Dilip S. Shanghvi[2]	Managing Director	0.55	-99.13%
Mr. Sudhir V. Valia[2]	Whole-time Director	0.16	-99.74%
Mr. Sailesh T. Desai	Whole-time Director	25.44	-0.46%
Mr. Kalyanasundaram Subramanian[3]	Whole-time Director	N.A	N.A
Mr. S. Mohanchand Dadha*	Non-executive Independent Director	2.08	-37.50%
Mr. Keki M. Mistry*	Non-executive Independent Director	1.25	-25.00%
Mr. Ashwin S. Dani*	Non-executive Independent Director	0.42	-71.43%
Ms. Rekha Sethi	Non-executive Independent Director	3.12	15.38%
Mr. Vivek Chaand Sehgal	Non-executive Independent Director	1.25	100.00%
Mr. Gautam Doshi**	Non-executive Independent Director	2.70	N.A
Key Managerial Personnel:			
Mr. C.S.Muralidharan	Chief Financial Officer	Not Applicable	Refer Note 1
Mr. Sunil Ajmera	Company Secretary	Not Applicable	2.25%

*Retired and ceased to be Directors w.e.f. September 26, 2018

**Appointed w.e.f. May 25, 2018

(1) Remuneration to Non-Executive Directors consists only of sitting fees and is based on the number of meetings attended during the year. No commission was paid to Non-Executive Directors for the year 2018-19.

(2) Remuneration of Mr. Dilip Shanghvi and Mr. Sudhir V. Valia is ₹1/- each for the financial year 2018-19 and the remaining amount of ₹262800 and ₹79200 respectively pertain to notional value of perquisite as per Income Tax Act.

(3) Mr. Kalyanasundaram Subramanian, Whole-time Director of the Company, does not receive any remuneration from the Company, however he is receiving remuneration from Sun Pharma Laboratories Limited (SPLL), the wholly owned subsidiary of the Company, where he is also Whole-time Director and Chief Executive Officer.

Note 1 - There was no increase in the overall remuneration as approved by the Board of Directors for the FY 2018-19. However, based on calculation of amounts as per Form 16 for the year 2017-18 (annualised, as he was for the part of the year in 2017-18) and for the year 2018-19, the increase amounts to 12.64%

(ii) The percentage increase in the median remuneration of employees in the financial year 2018-19 (Median -2019/ Median 2018): 5.12%

(iii) The number of permanent employees on the rolls of the Company as on March 31, 2019: 17501

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

Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year ending March 31, 2019 was approximately 9.77% and the average increase/(decrease) in the managerial personnel remuneration was (66.44)%.

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

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman

Annexure - D

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India ("SEBI") Act, 1992:

a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable to the Company for the year under review;**

f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **Not applicable to the Company for the year under review;**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the year under review;**

h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – **Not applicable to the Company;**

i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company for the year under review;**

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

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

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

   Based on the information received and records maintained, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

   We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on the basis of the representations made by the respective plant heads of R&D centers, the Company has identified and complied with the following laws applicable to the Company:

   - Drugs and Cosmetics Act, 1940 and rules made thereunder;
   - Factories Act, 1948.

We further report that during the year under review:

- The Company had allotted 11,790 Equity Shares of ₹1/- each to eligible employees who have exercised their options under Sun Employees Stock Options Scheme – 2015;
- Undertaking of Sun Pharma Global FZE was demerged under Sections 230 to 232 and Section 234 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 2013 on 1st December 2018 (Effective date), the appointed date for the said demerger being 1st April 2017.

For KJB & CO LLP,
Practicing Company Secretaries

Alpeshkumar J. Panchal
Partner
Mem No. - 49008
C. P. No. - 20120
Date: May 28, 2019
Place: Mumbai.

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

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ANNEXURE 1 TO SECRETARIAL AUDIT REPORT

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

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

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

For KJB & CO LLP,
Practicing Company Secretaries

Alpeshkumar J. Panchal
Partner
Mem No. - 49008
C. P. No. - 20120
Date: May 28, 2019
Place: Mumbai.

Annexure - E

AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 ("the Act") and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL

2. Details of material contracts or arrangement or transactions (i.e. exceeding ten percent of the annual consolidated turnover as per the last audited financial statements) at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, as on March 31, 2019 if any:
1.	Sun Pharma Laboratories Limited (Wholly owned subsidiary)	Purchase of goods, property, plant & equipment, Revenue from contracts with customers, Sale of property, plant & equipment and investments, Dividend Income, Receiving and Rendering of Service, Reimbursement of expenses paid and expenses received, Loan taken and repaid, Interest on Loans repaid, Interest expense and Rent income	On-going	The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2018-19 was ₹46,141.8 Million	Since these transactions are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable.	Nil
2.	Aditya Medisales Limited (Direct Subsidiary of Shanghvi Finance Private Limited w.e.f. October 23, 2018 where Mr. Dilip S. Shanghvi, Promoter and Managing Director of the Company alongwith his spouse holds 100% shares)	Revenue from contracts with customers, Rent Income and Interest Income	On-going	The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2018-19 was ₹31,418.1 Million	Since these transactions are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable. However, the shareholders' approval has been obtained at the 25th Annual General Meeting of the Company held on September 26, 2017.	Nil

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman

Annexure - F

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2018-19

	Details	Particulars
1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken	The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. The Company has identified health, education & livelihood, environment protection, water management and disaster relief as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass root level during the year.
2.	Reference to the web-link to the CSR policy and projects or programmes	The contents of CSR policy can be accessed through the web link http://www.sunpharma.com/policies and details on projects and programmes are forming part of this Annual Report
3.	Composition of the CSR Committee	Mr. Dilip S. Shanghvi, Chairman, Mr. Sudhir V. Valia, Member and Ms. Rekha Sethi, Member
4.	Average net profit of the Company for last three financial years	The average net profits of the Company for the last three financial years was negative.
5.	Prescribed CSR Expenditure (two percent of the amount as in item 4 above)	Since, the average net profit of the Company for the last three financial years was negative, the Company was not required to spend on CSR activities during the previous year. However, the Company has voluntarily spent on CSR activities.
6.	Details of CSR spend for the financial year:	
	a) Total amount spent for the financial year	₹39.36 Million
	b) Amount unspent, if any	Nil
	c) Manner in which the amount spent during the Financial year	Details given below

(₹ in Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and District where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the projects or programs (Direct Expenditure)	Overhead Expenditure	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
1	Mobile Medical Unit Programme	Healthcare under Item No.(i)	Ahmednagar (Ahmednagar, Maharashtra), Halol (Panchmahal, Gujarat), Mohali (SAS Nagar, Punjab), Toansa(SBS Nagar, Punjab), Paonta Sahib (Sirmour, Himachal Pradesh), Dewas (Dewas, Madhya Pradesh), Panoli(Bharuch, Gujarat), Ankleshwar(Bharuch, Gujarat), Karkhadi(Vadodara, Gujarat), Malanpur (Bhind, Madhya Pradesh) and Madurantakam (Kanchipuram, Tamilnadu)	31.60	20.84	0.77	91.02	Implementing Agency: 1. Help Age India 2. Sun Pharma Community Healthcare Society

(₹ in Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and District where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the projects or programs (Direct Expenditure)	Overhead Expenditure	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
2.	Education Programme	Education under Item No.(ii)	Karkhadi (Vadodara, Gujarat), Malanpur (Bhind, Madhya Pradesh), Ahmednagar (Ahmednagar,Maharashtra), Panoli(Bharuch, Gujarat), Madurantakam (Kanchipuram, Tamilnadu), Dewas (Dewas, Madhya Pradesh), Halol (Panchmahal, Gujarat), Silvassa (UT of Dadra & Nagar Haveli) and Toansa(SBS Nagar, Punjab)	6.76	5.41	0.04	10.76	Directly and Implementing Agency: SVADES
3.	Sanitation Programme	Healthcare under Item No.(i)	Ahmednagar (Ahmednagar, Maharashtra), Silvassa, (UT of Dadra & Nagar Haveli), Halol (Panchmahal, Gujarat), Panoli (Bharuch, Gujarat), Toansa (SBS Nagar, Punjab) and Madurantakam (Kanchipuram, Tamilnadu)	5.29	5.17	0.25	13.82	Directly and Implementing Agency: GVT-Dahod
4.	Environment Conservation Programme	Environment under Item No.(iv)	Panoli (Bharuch, Gujarat), Ahmednagar (Ahmednagar, Maharashtra), Paonta (Sirmour, Himachal Pradesh), Madurantakam (Kanchipuram, Tamilnadu) and Toansa (SBS Nagar, Punjab)	2.18	1.86	0.00	2.95	Directly
5.	Water Conservation - Pond Deepening Project	Rural Development Project under Item No. (x)	Halol (Panchmahal, Gujarat), Panoli (Bharuch, Gujarat), Ankleshwar (Bharuch, Gujarat) and Karkhadi (Vadodara, Gujarat)	2.10	1.62	0.00	1.62	Directly
6.	Rural Development Project	Rural Development under Item No. (x)	Dahej (Bharuch, Gujarat), Halol (Panchmahal, Gujarat), Panoli (Bharuch, Gujarat), Ahmednagar (Ahmednagar, Maharashtra), and Madurantakam (Kanchipuram, Tamilnadu)	1.70	1.53	0.00	4.51	Directly and implementing Agency: GVT-Dahod
7.	Disaster Relief Programme	Disaster Relief under Item No. (i)	Paonta (Sirmour, Himachal Pradesh) and Madurantakam (Kanchipuram, Tamilnadu)	1.01	1.01	0.00	1.22	Directly
8.	Drinking Water Project	Drinking Water under Item No. (i)	Toansa (SBS Nagar, Punjab) and Panoli (Bharuch, Gujarat)	0.45	0.45	0.02	0.62	Directly
9.	Healthcare Programme	Healthcare under Item No.(i)	Halol (Panchmahal, Gujarat) and Toansa (SBS Nagar, Punjab)	0.47	0.37	0.00	1.05	Directly
			Grand Total		**38.27**	**1.10**	**127.57**	

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Dilip S. Shanghvi
Chairman - CSR Committee and
Managing Director

Sudhir V. Valia
Member - CSR Committee and
Whole-Time Director

CSR ACTIVITIES

Sun Pharmaceutical Industries Limited ("Sun Pharma") has taken-up diversified need-based CSR Projects in rural areas lying in the vicinity of its plant locations and also in remote, unprivileged areas for sustainable development of people as a part of its Social Responsibilities.

Our main objective is to emphasise on social process, quality and ensuring the sustainability, hence our implementation approach is strategic in nature, is more inclined towards the sustainability of the projects, addressing community needs, focussing poorest of the poor, disadvantaged, BPL and weaker sections of society.

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

At Sun Pharma, our CSR programmes mainly focussed upon Health, Education, Sanitation, Drinking water, Environment Conservation, Rural Development and Disaster Relief, which are designed to improve the quality of life of the people.

Mobile Medical Unit Programme

Mobile Medical Unit (MMU) Programme has been designed to meet the primary health needs of the communities residing in rural areas. The main objective of this programme is to provide a range of health care services focused upon maternal and child healthcare for populations living in remote, inaccessible, un-served and underserved areas at the doorsteps of these communities. This programme also emphasises on reduction in Maternal and Infant Mortality rate, improving health of adolescent girls, Prevention and Control of Communicable and Non-communicable diseases, Awareness regarding HIV/AIDS within the community.

The Company has invested ₹21.61 Million in this programme during the FY 2018-19. There were 11 locations covered under this project and has served around 147,611 patients with Clinical Treatment, whereas 78,255 beneficiaries were also benefitted under Preventive and Promotive healthcare services.

Education Programme

Education programme includes various different activities such as Infrastructure Upgradation in Schools, Computer literacy programme for students, Model School development Project, Provision of potable drinking water for the students, distribution of stationary/books, etc. These projects were implemented by Sun Pharma in various different locations with an objective to provide quality education to the underserved and under- privileged children of the rural remote areas. The project has covered different schools from Gujarat, Maharashtra, M.P., Punjab, UT of Dadra & Nagar Haveli and Tamilnadu and the same has benefitted more than 11,821 students with an investment of ₹5.45 Million during FY 2018-19.

Sanitation Programme

Household toilets are one of the most important aspects of sanitation. Company has constructed 216 individual household toilets for unprivileged communities based at Halol, Silvassa, Ahmednagar and Madurantakam locations with an objective to encourage better health for communities and improved quality of life amongst people living in rural areas. Apart from construction of Individual Household Toilets, Sun Pharma has also emphasised upon IEC (Information, Education and Communication) activities in various locations considering that construction of toilets is not sufficient if there is no proper awareness within the community regarding the use of toilets. Therefore, Company has carried out a Sanitation and Cleanliness drive across all project locations, which has benefitted the communities at large. The project was undertaken with an investment of ₹5.42 Million during the FY 2018-19 for the construction of individual household's toilets and its Sanitation and Cleanliness drive programme.

Environment Conservation Programme

The Company has continued this programme implemented towards environment protection and to create awareness within the community regarding the importance of environment conservation.

Some of the activities that were undertaken by the company are:

1. Roadside tree plantation
2. Distribution of saplings
3. Awareness generation programme within the community for the importance of tree plantation
4. Celebration of Environment Day in Schools

The Company has made an investment of ₹1.86 Million during the FY 2018-19 in various locations like Ahmednagar, Panoli, Toansa, Maduranthakam and Paonta which has benefitted communities at large.

Water Conservation – Pond Deepening Project

Water Conservation – Pond Deepening Project is an initiative undertaken by Sun Pharma as an alignment with flagship Scheme of Gujarat Government, titled as "Sujalam Sufalam Yojana" which focuses on water conservation during rainy season to increase the availability of water in rural areas where local villagers & communities are directly dependent upon local water bodies like ponds and ground water for their survival. This project was implemented in Ankleshwar, Halol, Karkhadi and Panoli with an investment of ₹1.62 Million during the FY 2018-19.

Rural Development Project

Rural Development projects were implemented to improve the lives of rural population in terms of access to facilities such as healthcare and education. The Company has undertaken various activities such as Installation of Solar lights in Abhetwa Village, Halol Taluka, Gujarat, Installation of Traffic Signal lights in Ahmednagar Taluka, Maharashtra. Construction of Community Kitchen Area in Dahej, Gujarat, Provision of LPG connection and Utensils in Anganbari Centers of rural areas of Madurantakam Taluka, Tamilnadu and Playground development at Panoli, Gujarat.

The company has fulfilled its social responsibility after addressing the needs of rural neighbouring communities in the vicinity of its operational manufacturing sites with an investment of ₹1.53 Million during the FY 2018-19 and has benefitted 4,132 villagers and other communities through this project.

Disaster Relief Programme

Sun Pharma supported the cause of immediate disaster relief for communities during the flood affected disaster that took place in Himachal Pradesh and Tamilnadu. The programme was taken-up with an investment of ₹1.01 Million during the FY 2018-19.

Drinking Water Project

Drinking Water Project was implemented in Toansa and Panoli with an aim to provide safe drinking water for neighbouring communities residing in vicinity of our plant areas.

This project was implemented with an investment of ₹0.47 Million for Community water Project at Bhadi Village, District Bharuch, Gujarat and for running deep bore well at village Toansa in Punjab. 125 Households were provided with clean and potable drinking water in upper and lower Toansa village, whereas in Panoli, this project aimed at benefitting around 2,831 villagers of Bhadi village with the help of WASMO.

Healthcare Programme

Under Healthcare programme, basic health services such as distribution of medicines, mega medical camp and maintenance of Subsidiary health center were undertaken at Toansa, Punjab, whereas the Company has installed medical equipment for Blood Bank development which is benefitting the community of Halol area at large. The project has benefitted more than 2,240 patients in Toansa and under this programme the company has invested ₹0.37 Million during the FY 2018-19.

Annexure - G

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. Conservation of Energy

1. Steps taken or impact on Conservation of Energy

- Hot water generation system for process is changed to plate heat exchangers from direct live steam heating.
- Conventional light fittings are replaced with LED lighting.
- Old natural cooling towers are replaced with forced draft cooling tower to improve the performance of utilities.
- Cooling tower centrifugal pumps are replaced with inline energy efficient pumps thereby the motor energy reduced by more than 50%.
- Usage of steam with long distribution piping for HVAC hot water demand is replaced by Heat pump.
- Steam condensate recovery is improved.
- Replaced reciprocating air compressor by energy efficient screw compressor.
- New motor procurement higher than 30 kW is done with energy efficient motor.
- Power factor is improved at various sites.
- Designed pump head is reviewed to meet the actual demand there by substantial saving on Power.
- Water Ring Vacuum pumps are replaced with Dry Vacuum Pumps.

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

In following factories biomass briquettes are used instead of conventional fuel (FO/HSD) - Ahmednagar, Panoli, Mohali, Silvassa, Dadra, Karkhadi, Dewas, MKM Chennai, Paonta Sahib. In MKM Chennai – Partially power is used from the wind mills. In Gurgaon Location - Partially power is used from rooftop solar.

3. Capital investment on energy conservation equipments

Capital investment of ₹91.1 Million is done on energy conservation equipments.

B. Technology Absorption

(A) Research and Development

Expenditure on R&D

(₹ in Million)

	Year ended March 31, 2019	Year ended March 31, 2018
Capital	590.9	1,591.0
Revenue	9,029.9	8,011.5
Total	9,620.8	9,602.5
Total R&D expenditure as % of Total Turnover	**9.8%**	**10.9%**

(B) Technology Absorption, Adaptation and Innovation

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

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

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

   Process robustness has been implemented for wide range of products with the objective to reduce cost and increase in-process capability.

   Novel compact dosage forms having differentiation with regards to improved stability and/or reduced pharmacokinetic variability have been developed for the Indian market. Stable liquid oral formulations of labile products are also being developed.

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

   (a) Offers complete basket of products under chronic therapeutic classes. Many products are in the pipeline for future introduction in India, emerging markets, as well as US and European generic market. The company has developed an ability to challenge patents in the US market, and earn exclusivity.

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

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

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

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

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

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

C) Foreign Exchange Earnings and Outgo –

(₹ in Million)

	Year ended March 31, 2019	Year ended March 31, 2018
Earnings	66,025.4	51,402.9
Outgo	38,610.2	32,233.0

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman

Corporate Governance

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time the Company submits the Corporate Governance Report for the year ended March 31, 2019.

1. Company's Philosophy on Code of Corporate Governance

Sun Pharmaceutical Industries Limited's philosophy envisages reaching people touching lives globally by following the core values of the Company viz Quality, Reliability, Consistency, Trust, Humility, Integrity, Passion and Innovation which are also a way of life at the Company. These values form a base of the Corporate Governance practices of the Company. The Company ensures to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, consumers, suppliers and statutory authorities.

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

2. Board of Directors

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

Composition and category of Directors is as follows:

Category of Directors	Name of the Directors	Inter-se Relationship between Directors
Non-Promoter Non-Executive and Non-Independent Director	Mr. Israel Makov (Chairman)	-
Promoter Executive Director	Mr. Dilip S. Shanghvi (Managing Director)	Brother-in-law of Mr. Sudhir V. Valia
Non-Promoter Executive Directors	Mr. Sudhir V. Valia* (Whole-time Director)	Brother-in-law of Mr. Dilip S. Shanghvi
	Mr. Sailesh T. Desai (Whole-time Director)	-
	Mr. Kalyanasundaram Subramanian (Whole-time Director)	-
Non-Executive Independent Directors	Ms. Rekha Sethi	-
	Mr. Vivek Chaand Sehgal	-
	Mr. Gautam Doshi	-

*Mr. Sudhir Valia will step down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He shall continue as a Non-Promoter, Non-Executive and Non-Independent Director of the Company.

Number of Board meetings held during the year ended March 31, 2019 and the dates on which held:

Five Board meetings were held during the year. The dates on which the meetings were held during the year ended March 31, 2019 are as follows:

May 25, 2018; August 14, 2018; September 26, 2018; November 13, 2018 and February 12, 2019.

Number of Board meetings the Directors were entitled to attend, attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director for the year under review, is given below:

Name of the Director	Attendance particulars for the year ended March 31, 2019			No. of other Directorships and Committee Memberships / Chairmanships as of March 31, 2019[1]		
	Number of Board Meetings Entitled to attend	Number of Board Meetings attended	Last AGM held on September 26, 2018	Other Directorships	Committee Memberships[2]	Committee Chairmanships[2]
Mr. Israel Makov	5	5	Yes	-	-	-
Mr. Dilip S. Shanghvi	5	5	Yes	1	-	-
Mr. Sudhir V. Valia	5	4	No	4	3	1
Mr. Sailesh T. Desai	5	5	Yes	3	-	-
Mr. Kalyanasundaram Subramanian	5	5	Yes	2	-	-
Ms. Rekha Sethi	5	4	No	5	1	1
Mr. Vivek Chaand Sehgal[3]	5	5	Yes	5	-	-
Mr. Gautam Doshi[3]	5	5	Yes	4	4	1
Mr. S M Dadha[4]	3	3	Yes	Not Applicable	Not Applicable	Not Applicable
Mr. Keki Mistry[4]	3	2	No[5]	Not Applicable	Not Applicable	Not Applicable
Mr. Ashwin Dani[4]	3	1	No	Not Applicable	Not Applicable	Not Applicable

[1] The above number of other directorships does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 8 Companies.

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

[3] Mr. Gautam Doshi was appointed as an Additional Independent Director of the Company with effect from May 25, 2018. Mr. Vivek Chaand Sehgal and Mr. Gautam Doshi have been appointed as Independent Directors of the Company for a term of 5 (five) years each effective from November 14, 2017 and May 25, 2018 upto November 13, 2022 and May 24, 2023 respectively by the members at 26th AGM of the Company held on September 26, 2018.

[4] Mr. S. Mohanchand Dadha, Mr. Keki Mistry and Mr. Ashwin Dani, who were Independent Directors of the Company, completed second term of 2 (two) years of their respective appointments on conclusion of the 26th AGM of the Company, consequently, all the three aforementioned Independent Directors retired and ceased to be Directors of the Company w.e.f. the conclusion of the 26th AGM of the Company held on September 26, 2018. Therefore, they were not Directors as on March 31, 2019.

[5] Mr. Keki M. Mistry, Chairman of the Audit Committee and Nomination and Remuneration Committee could not attend the last 26th Annual General Meeting of the Company due to his prior commitments. However, he appointed Mr. S Mohanchand Dadha, member of the Audit Committee and Nomination & Remuneration Committee to answer to the shareholders' queries on his behalf at the 26th Annual General Meeting.

Names of the Indian listed entities where the Directors of the Company hold Directorship and the category of directorship as on March 31, 2019:

Name of the Director	Other Indian Listed entities in which they hold Directorship	Category of Directorship
Mr. Dilip S. Shanghvi	Sun Pharma Advanced Research Company Ltd	Chairman and Managing Director
Mr. Sudhir V. Valia	Sun Pharma Advanced Research Company Ltd	Non Executive & Non Independent Director
Ms. Rekha Sethi	CESC Ltd	Independent Director
	Spencer's Retail Limited	Independent Director
Mr. Vivek Chaand Sehgal	Motherson Sumi Systems Ltd	Non-Executive & Non-Independent Director
	Samvardhana Motherson International Ltd (Debt Listed)	Non-Executive & Non-Independent Director
Mr. Gautam Doshi	Piramal Phytocare Ltd	Independent Director
	Reliance Home Finance Ltd	Non-Executive & Non-Independent Director

In terms of requirement of Listing Regulations, the Board has identified the core skills/expertise/competencies of the Directors, as given below:

Knowledge	Skills	Behavioural traits
Specialisation / Expertise	Strategic Thinking/ Planning Skills	Integrity
Finance & Accounts	Problem Solving Skills	Genuine interest
Legal	Analytical Skills	Inter-personal skills/ communication
Governance	Decision Making Skills	Active Participation
Industry Knowledge	Leadership Skills	
Risk Management		
General Management		

The Directors of the Company possess the aforementioned core skills/expertise/competencies.

The Independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

3. Code of Conduct

The Board of Directors has laid down a Global Code of Conduct for all Board members, and all employees, including the senior management of the Company. All the Directors and senior management have affirmed compliance with the Global Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Managing Director has been annexed as Annexure 'A' to the Corporate Governance Report. The Global Code of Conduct of the Company is available on the website of the Company at www.sunpharma.com.

4. Audit Committee

The Audit Committee of the Company presently comprises of three Directors which include two independent non-executive Directors viz. Ms. Rekha Sethi, Mr. Gautam Doshi and one Whole-time Director viz. Mr. Sailesh T. Desai. At the beginning of the year under review, Mr. Keki M. Mistry, Mr. S. Mohanchand Dadha, Mr. Ashwin S. Dani and Ms. Rekha Sethi were members of the Committee. Mr. Sailesh T. Desai and Mr. Gautam Doshi have been appointed as members of the Audit Committee with effect from May 25, 2018. Mr. Gautam Doshi was appointed as the Chairman of Audit Committee w.e.f. September 27, 2018. During the year, Mr. Keki M. Mistry who was the Chairman and Member of the Audit Committee, Mr. S. Mohanchand Dadha and Mr. Ashwin S. Dani, non-executive independent Directors, who were members of the Audit Committee, ceased to be members of the committee with effect from September 26, 2018 due to they ceasing to be the Directors of the Company with effect from September 26, 2018. The constitution of Audit Committee meets with the requirements as laid down under Section 177 of the Companies Act, 2013 and also of Regulation 18 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Audit Committee.

The terms of reference of the Audit Committee inter alia include: overseeing the Company's financial reporting process, reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, recommendation for appointment, remuneration and terms of appointment of auditors of the company, reviewing the adequacy of internal audit function, discussion with internal auditors of any significant findings and follow up there on, evaluation of internal financial controls and risk management systems, review functioning of Whistle Blower/ Vigil Mechanism, approval of appointment of Chief Financial Officer, review and monitor the auditor's independence and performance and effectiveness of audit process, approval of transactions with related parties etc. Further, pursuant to the amendments in Listing Regulations the terms of reference of the Committee were amended w.e.f. April 1, 2019 to include reviewing the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

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

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

In addition, the Committee has discharged such other role/ function as envisaged under Regulation 18 of the Listing Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

Four Audit Committee Meetings were held during the year ended March 31, 2019.

The dates on which the Meetings were held are as follows:

May 25, 2018; August 14, 2018; November 13, 2018; and February 12, 2019.

The attendance of each Member of the Committee is given below:

Name of the Director	Number of Audit Committee Meetings entitled to attend	Number of Audit Committee Meetings attended
Mr. Gautam Doshi[1]	3	3
Ms. Rekha Sethi	4	4
Mr. Sailesh T. Desai[2]	3	3
Mr. Keki M. Mistry[3]	2	2
Mr. S. M. Dadha[3]	2	2
Mr. Ashwin S. Dani[3]	2	1

[1] Appointed as member of the Committee with effect from May 25, 2018 and appointed as Chairman with effect from September 27, 2018

[2] Appointed as member of the Committee with effect from May 25, 2018.

[3] Retired and ceased to be Directors and members of the Committee with effect from September 26, 2018.

5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently comprises of three Non-executive Directors viz. Ms. Rekha Sethi, Mr. Israel Makov and Mr. Gautam Doshi. At the beginning of the year under review, Mr. Israel Makov, Ms. Rekha Sethi and Mr. Keki Mistry were members of the Committee. Mr. Gautam Doshi has been appointed as the member of the Committee with effect from August 14, 2018. During the year Mr. S. Mohanchand Dadha was appointed as the member of the Committee with effect from May 25, 2018, however he ceased to be the member of the Committee with effect from September 26, 2018 due to he ceasing to be the Director of the Company with effect from September 26, 2018. Mr. Keki Mistry, Chairman and Member of the Committee, ceased to be the member of the Committee with effect from September 26, 2018 due to he ceasing to be the Director of the Company with effect from September 26, 2018. Ms. Rekha Sethi has been appointed as the Chairperson of the Committee with effect from September 27, 2018. The constitution of the Nomination and Remuneration Committee meets with the requirements of Section 178 of the Companies Act, 2013 as also the requirements laid down in Regulation 19 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee.

The terms of reference of the Nomination and Remuneration Committee inter alia include; to determine the Company's policy on specific remuneration packages for executive directors, to review, recommend and/or approve remuneration to Whole-time Directors, to review and approve the Remuneration Policy of the Company, to formulate criteria for evaluation of Independent Directors and the Board, to devise a policy on Board Diversity, to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board the appointment or removal of such persons and carry out evaluation of every directors' performance, etc. Further, pursuant to the amendments in Listing Regulations the terms of reference of the Committee were amended w.e.f. April 1, 2019, to inter alia include recommending to the board, all remuneration, in whatever form, payable to senior management, etc.

The Nomination and Remuneration Committee has adopted the criteria as provided in the Guidance Note on Board Evaluation by Securities and Exchange Board of India vide its notification no. SEBI/HO/CFD/CMD/CIR/P2017/004 dated January 5, 2017 for evaluation of the Individual Directors including Independent Directors. The said criteria provides certain parameters like knowledge, competency, fulfillment of functions, availability and attendance, initiative, integrity, contribution, independence and independent views and judgment.

Four meetings of Nomination and Remuneration Committee were held during the year ended March 31, 2019. The dates on which the meetings were held are as follows:

May 25, 2018; August 14, 2018; November 13, 2018 and February 12, 2019.

The attendance of each Member of the Committee is given below:

Name of the Director	Number of Nomination and Remuneration Committee Meetings entitled to attend	Number of Nomination and Remuneration Committee Meetings attended
Ms. Rekha Sethi[1]	4	4
Mr. Israel Makov	4	4
Mr. Gautam Doshi[2]	2	2
Mr. Keki M. Mistry[3]	2	2
Mr. S. M. Dadha[3]	1	1

[1] Appointed as Chairperson of the Committee with effect from September 27, 2018

[2] Appointed as member of the Committee with effect from August 14, 2018

[3] Retired and ceased to be Directors and members of the Committee with effect from September 26, 2018.

6. Remuneration of Directors

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

The Non-Executive Directors of the Company are entitled to commission, if and to the extent approved by the Board, of upto 1% as approved by the members, in addition to the sitting fees of ₹100,000/- payable to the Non-Executive Directors for attending each meeting of the Board and/or of Committee thereof. No commission was paid to Non-Executive Directors for the year 2018-19.

The details of Remuneration paid/payable to the Directors of the Company for the year ended March 31, 2019 are given below:-

(Amount in ₹)

Directors	For the year ended March 31, 2019				
	Salary [1]	Bonus	Perquisites / Benefits[2]	Sitting Fees	Total
Mr. Dilip S. Shanghvi	1	-	2,62,800	-	**2,62,801**
Mr. Sudhir V. Valia	1	-	79200	-	**79,201**
Mr. Sailesh T. Desai	98,67,000	19,73,400	23,92,142	-	**1,42,32,542**
Mr. Kalsundaram Subramanian[3]	-	-	-	-	**-**
Mr. Israel Makov	-	-	-	9,00,000	**9,00,000**
Ms. Rekha Sethi	-	-	-	15,00,000	**15,00,000**
Mr. Vivek Chaand Sehgal	-	-	-	6,00,000	**6,00,000**
Mr. Gautam Doshi (appointed with effect from May 25, 2018)	-	-	-	13,00,000	**13,00,000**
Mr. S. Mohanchand Dadha (upto September 26, 2018)	-	-	-	10,00,000	**10,00,000**
Mr. Keki M. Mistry (upto September 26, 2018)	-	-	-	6,00,000	**6,00,000**
Mr. Ashwin S. Dani (upto September 26, 2018)	-	-	-	2,00,000	**2,00,000**

[1] Salary includes Special Allowance.

[2] Perquisites include House Rent Allowance, Leave Travel Assistance, Medical Reimbursement, contribution to Provident Fund and such other perquisites, payable to Directors, as per Company Policy.

[3] Mr. Kalyanasundaram Subramanian does not receive any remuneration as a Whole-time Director of the Company. However, Mr. Kalayanasundaram Subramanian is also the Whole-Time Director & Chief Executive Officer of Sun Pharma Laboratories Limited, Wholly-Owned Subsidiary of the Company, and he receives remuneration from Sun Pharma Laboratories Limited. During the Financial year 2018-19, he received total remuneration of ₹5,54,31,072 (constituting of Salary - ₹4,93,35,192/-, Bonus – ₹37,00,800/- and Perquisites – ₹23,95,080/-.) from Sun Pharma Laboratories Limited.

Besides this, all the Whole-time Directors to whom remuneration is paid are also entitled to encashment of leave as per Company policy, and gratuity at the end of tenure, as per the rules of the Company.

Notes:-

a) The Agreement with Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Mr. Sailesh T. Desai, the Executive Directors for their present term are for a period of 5 years as follows; i) from April 1, 2018 to March 31, 2023 and remuneration for period from April 1, 2018 to March 31, 2021 for Mr. Dilip S. Shanghvi and ii) from April 1, 2019 to March 31, 2024 for Mr. Sudhir V. Valia and Mr. Sailesh T. Desai and remuneration for period of 3 years from April 1, 2019 to March 31, 2022. The agreement with Mr. Kalyansundaram Subramanian, Whole-time Director, is for a period of 2 years with effect from February 14, 2019 to February 13, 2021 without any remuneration. Either party to the agreement is entitled to terminate the Agreement by giving to the other party 30 days' notice in writing. Mr. Sudhir Valia will step down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He shall continue as a Non-Promoter, Non-Executive and Non-Independent Director of the Company. Consequently the agreement with Sudhir V. Valia for remuneration and appointment as Whole-Time Director shall be terminated w.e.f. May 29, 2019.

b) The Company had formulated two Schemes for grant of stock options to the eligible employees of erstwhile Ranbaxy Laboratories Ltd., pursuant to the Scheme of Arrangement for merger of Ranbaxy Laboratories Ltd., into the Company out of which one scheme was completed in August 2017. None of the Directors are entitled to stock options.

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

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

The details of Equity Shares held by Non-Executive Directors as on March 31, 2019 are as follows:

Director	No. of Equity Shares held (held singly or jointly as first holder)
Mr. Israel Makov	Nil
Ms. Rekha Sethi	Nil
Mr. Vivek Chaand Sehgal	Nil
Mr. Gautam Doshi	8000

7. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee presently comprises of three Directors viz. Mr. Gautam Doshi, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia. At the beginning of the year under review, Mr. Sudhir Valia, Mr. Dilip Shanghvi and Mr. S. Mohanchand Dadha were members of the Committee. During the year, Mr. Gautam Doshi was appointed as member of the Committee with effect from August 14, 2018 and as Chairman of the Committee with effect from September 27, 2018. Mr. S. Mohanchand Dadha ceased to be member and Chairman of the Committee with effect from September 26, 2018 due to he ceasing to be a Director of the Company with effect from September 26, 2018. The constitution of the Stakeholders' Relationship Committee meets with the requirements of Section 178 of the Companies Act, 2013 and also of Regulation 20 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee. The Board of Directors has delegated the power of approving transfer of securities to M/s. Link Intime India Pvt. Ltd, and/or the Company Secretary of the Company.

The terms of reference of the Committee inter alia include the following: To look into redressal of grievances of shareholders, debenture holders and other security holders of the Company, to consider and resolve grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc, to approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities, to oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services, etc. However, pursuant to amendments in the Listing Regulations, the terms of reference of the Committee have been revised and replaced w.e.f. April 1, 2019 to inter alia include the following: Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings; Review of measures taken for effective exercise of voting rights by shareholders; Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company, to investigate any activity within its terms of reference, to seek information from share transfer agents, to obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary and have full access to the information contained in the records of the Company.

The Board has designated severally, Mr. Sunil R. Ajmera, Company Secretary and Mr. Ashok I. Bhuta, Sr. G.M - Secretarial as Compliance Officers for the purposes of/under rules, regulations etc. issued by the Securities Exchange Board of India, Stock Exchanges, and Companies Act, 2013.

Four meetings of the Stakeholders' Relationship Committee were held during the year ended March 31, 2019. The dates on which Meetings were held are as follows:

May 24, 2018; August 13, 2018; November 13, 2018 and February 12, 2019.

The attendance of each Member of the Committee is given below:

Name of the Director	Number of Stakeholders' Relationship Committee Meetings entitled to attend	Number of Stakeholders' Relationship Committee Meetings attended
Mr. Gautam Doshi[1]	2	2
Mr. Sudhir V. Valia	4	3
Mr. Dilip S. Shanghvi	4	4
Mr. S. M. Dadha[2]	2	2

[1] Appointed as member with effect from August 14, 2018 and appointed as Chairman with effect from September 27, 2018

[2] Retired and ceased to be Director and member of the Committee with effect from September 26, 2018.

Investor Complaints:
The total numbers of complaints received and resolved to the satisfaction of shareholders, during the year under review were 1. There were no complaints pending at the beginning or at the end of the year.

8. Committee of Directors (Allotment)

The Committee of Directors (Allotment) presently comprises of three Directors viz. Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Mr. Sailesh T. Desai. Mr. Sudhir V. Valia is the Chairman of the Committee and Mr. Sunil R. Ajmera, Company Secretary is the Secretary of the Committee. Mr. S. M. Dadha who was also a member of the Committee at the beginning of the year ceased to be member of the Committee with effect from September 26, 2018 due to he ceasing to be a Director of the Company with effect from September 26, 2018.

Four meetings of the Committee of Directors (Allotment) were held during the year ended March 31, 2019. The dates on which Meetings were held are as follows:

May 24, 2018; August 13, 2018; November 12, 2018 and February 11, 2019.

The attendance of each Member of the Committee is given below.

Name of the Director	Number of Committee of Directors (Allotment) Meetings entitled to attend	Number of Committee of Directors (Allotment) Meetings attended
Mr. Sudhir V. Valia	4	3
Mr. Sailesh T. Desai	4	4
Mr. Dilip S. Shanghvi	4	3
Mr. S. M. Dadha[1]	2	2

[1] Retired and ceased to be Director and member of the Committee with effect from September 26, 2018.

The Committee of Directors (Allotment) inter-alia has the following powers: To allot shares pursuant to ESOP Schemes and to issue the equity share certificates to the shareholders holding the shares in physical form, to perform any or all of the acts, deeds, things and matters as may be required in connection with such issue, allotment and Listing of Equity Shares.

9. Corporate Social Responsibility Committee

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

During the year ended March 31, 2019, two meetings of Corporate Social Responsibility Committee were held on May 24, 2018 and November 12, 2018.

The attendance of each member of Committee is as follows:

Name of the Member	Number of Corporate Social Responsibility Committee Meetings entitled to attend	Number of Corporate Social Responsibility Committee Meetings attended
Mr. Dilip S. Shanghvi	2	1
Mr. Sudhir V. Valia	2	2
Ms. Rekha Sethi	2	2

10. Risk Management Committee

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

During the year ended March 31, 2019, two meetings of Risk Management Committee were held on May 24, 2018 and November 12, 2018.

The attendance of each member of committee is as follows:

Name of the Director	Number of Risk Management Committee Meetings entitled to attend	Number of Risk Management Committee Meetings attended
Mr. Dilip S. Shanghvi	2	2
Mr. Sudhir V. Valia	2	2
Mr. CS Muralidharan	2	2

11. Corporate Governance and Ethics Committee

The Board has constituted a Corporate Governance and Ethics Committee with effect from May 28, 2019. Mr. Gautam Doshi, Director, Ms. Rekha Sethi, Director, Mr. C. S. Muralidharan, CFO and Mr. Ashok Bhuta Senior GM - Secretarial & Compliance Officer are the members of the Committee. Mr. Gautam Doshi is the Chairman of the Committee. The terms of reference of committee inter alia include (a) to review the ethical standards and best practices in respect of Corporate Governance by the Company in spirit, substance and intent perspective apart from benchmarking wherever possible with the best practices that are comparable across the industry, (b) to monitor Company's compliance with the Corporate Governance Guidelines and applicable laws and regulations and make recommendations to the Board on all such matters and on any corrective action to be undertaken, as the Committee may deem appropriate, (c) to set forth policies in respect of furtherance of its objectives and recommend changes and monitor and review compliance of such policies by the Company's directors, officers and employees, (d) to review, recommend changes and monitor the implementation of the Related Party Transactions Policy of the Company and ensure that the Company is in compliance with the applicable regulations in respect of Related Party transactions from time to time etc. The Corporate Governance and Ethics Committee shall report to the Audit Committee.

12.Subsidiary Companies

In accordance with Regulation 16 of the Listing Regulations during the year ended March 31, 2019, Sun Pharma Laboratories Limited was a material Indian subsidiary company whose turnover or net worth (i.e., paid-up capital and free reserves) exceeded 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. Sun Pharma laboratories Limited (SPLL") had its debentures listed on Whole-Sale Debt Segment of BSE Ltd. until March 28, 2019. Consequent to redemption of all the outstanding Debentures on March 22, 2019 along with interest thereon, SPLL was delisted with effect from March 29, 2019.

Ms. Rekha Sethi, Independent Director of the Company is also Director on the Board of Sun Pharma Laboratories Limited.

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

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

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

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

13.General Body Meetings

(i) Location and time of the last three Annual General Meetings:

Year	Meeting	Location	Date	Time
2015 -2016	Twenty- Fourth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara- 390 020, Gujarat	September 17, 2016	11.15 a.m.
2016 -2017	Twenty- Fifth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara- 390 020, Gujarat	September 26, 2017	10.45 a.m.
2017 -2018	Twenty- Sixth AGM	Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj, Vadodara - 390 020	September 26, 2018	2.45 p.m.

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

a) At the Twenty-Fourth Annual General Meeting.

1. Approval for re-appointment of Mr. Ashwin Dani (DIN 00009126), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.
2. Approval for re-appointment of Mr. Keki M. Mistry (DIN 00008886), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.
3. Approval for re-appointment of Mr. Hasmukh S. Shah (DIN 00152195), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.
4. Approval for re-appointment of Ms. Rekha Sethi (DIN 06809515), as Independent Director of the

Company for a further term of 5 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.

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

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

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

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

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

b) At the Twenty-Fifth Annual General Meeting.

1. Approval for re-appointment of Mr. Dilip S. Shanghvi (DIN: 00005588) as Managing Director of the Company for a period of 5 (Five) years from the expiry of his present term of office i.e. with effect from April 01, 2018 to March 31, 2023 and approval of maximum limit of remuneration for the period from April 01, 2018 to March 31, 2021

c) At the Twenty-Sixth Annual General Meeting.

1. Approval for re-appointment of Mr. Sudhir V. Valia (DIN: 00005561) as Whole-time Director of the Company upon the expiry of his present term of office on March 31, 2019, for a further period of 5 (Five) years commencing from April 01, 2019 to March 31, 2024 and remuneration for a period of 3(three) years commencing from April 01, 2019 to March 31, 2022.

2. Approval for re-appointment of Mr. Sailesh T. Desai (DIN: 00005443) as Whole-time Director of the Company upon the expiry of his present term of office on March 31, 2019, for a further period of 5 (Five) years commencing from April 01, 2019 to March 31, 2024 and remuneration for a period of 3(three) years commencing from April 01, 2019 to March 31, 2022.

3. Approval for continuation of Directorship of Mr. Israel Makov (DIN:05299764), Non-executive Director and Chairman of the Company, having attained the age beyond the age of 75 years as required under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is to be effective from April 01, 2019.

Resolution Passed Through Postal Ballot:
No resolution was passed through postal ballot during the year under review.

14. Disclosures

- No transaction of a material nature has been entered into by the Company with its related parties that may have a potential conflict with the interests of the Company. Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transactions with the related parties as per Ind AS-24, are disclosed in Note 51 of the Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019.

- There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

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

- The Board of Directors of the Company has approved a Whistle Blower Policy/Vigil Mechanism to monitor the actions taken on complaints received under the said policy. This policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrong-doing in the Company. Employees are given protection in two important areas - confidentiality and against retaliation. It is ensured that employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. An Ombudsperson/s has been appointed to receive the complaints through a portal or email or letters who would investigate the complaints with an investigating committee. The final decision would be taken by the Ombudsperson in consultation with the Management and the Audit Committee. The Policy is expected to help to draw the Company's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the organisation or for those affected by its functions. The details of establishment of vigil mechanism are available on the website of the Company. No personnel have been denied access to the Audit Committee. The Board of Directors at their meeting held on May 28, 2019 have amended the Whistle Blower Policy to enable external parties to report any matter.

- Details of the familiarisation programme of the independent directors are available on the website of the Company at: http://www.sunpharma.com/policies
- During the year, a separate meeting of the independent directors was held on February 12, 2019 inter-alia to evaluate the performance of non-independent directors and the board as a whole.
- The policy on dealing with the related party transactions is available on the website of the Company and can be accessed at: http://www.sunpharma.com/policies.
- During the year, there were pecuniary transactions with the Companies in which non-executive Directors are interested as follows: a)Transaction of receiving of services from Makov Associates Limited of ₹148.31 Million in which Mr. Israel Makov, Non-Executive and Non-Independent Chairman is interested; b)Transactions for sale of goods to Dadha Pharma Distribution Private Limited of ₹0.03 Million in which Mr. S. Mohanchand Dadha, Non-Executive and Independent Director was interested; c) Transactions with MothersonSumi INfotech & Designs Limited for purchase of intangible assets - ₹56.80 Million, purchase of plant and equipment - ₹0.26 Million and receiving of services - ₹22.53 Million and with Anest Iwata Motherson Private Limited for purchase of goods – ₹0.06 Million and receiving of services - ₹0.11 Million, in which entities Mr. Vivek Chaand Sehgal, Non-Executive and Independent Director is interested. All the transactions with entities in which the Independent Directors are/were interested constitute negligible percent of the revenue of the Company.

  Apart from the above and sitting fees paid to Non-Executive Directors, there are no pecuniary transactions with Non Executive directors of the Company or the companies in which they are interested which had potential conflict of interest with the Company.

- Certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority has been annexed as Annexure 'B' to the Corporate Governance Report.
- Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part was ₹7,23,29,699/- (Rupees Seven Crore Twenty Three Lakhs Twenty Nine Thousand Six Hundred and Ninety Nine only), for the year under review.
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

  a. number of complaints filed during the financial year: 3

  b. number of complaints disposed of during the financial year: 3

  c. number of complaints pending as on end of the financial year: 0

- Details of compliance and Adoption/Non Adoption of the non-mandatory requirements for the year ended March 31, 2019:

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

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

  (iii) The Company sends quarterly results alongwith summary of significant events to the shareholders whose e-mail IDs are available with the Company/Registrar.

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

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

15. Means of Communication

- **Website:** The Company's website www.sunpharma.com contains a separate dedicated section 'INVESTORS' where shareholders' information is available. The Annual Report for 2018-19 and Annual Report/ Abridged Annual Report for the past years are also available on the website in a user friendly and downloadable form. Apart from this, official news releases, detailed presentations made to media, analysts etc., and the transcript of the conference calls are also displayed on the Company's website.

- **Financial Results:** The annual, half-yearly and quarterly results are regularly posted by the Company on its website www.sunpharma.com and are also sent to the shareholders whose e-mail IDs are registered with the Company. These are also submitted to the Stock Exchanges on which the securities of the Company are listed in accordance with the requirements of the Listing Regulations and published in all English Editions of "Financial Express' and Gujarati Edition of 'Financial Express' which is published in Ahmedabad.
- **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Board's Report, Auditor's Report, and other important information is sent to the shareholders whose e-mail IDs are registered with the Company and physical copy to the rest of the shareholders and others entitled thereto. The Management's Discussion and Analysis Report forms part of the Annual Report.
- **Chairman's Communique:** The Chairman's Speech is sent to the stock exchanges and placed on the website of the Company.
- **Reminder to Investors:** Reminders for unpaid dividend are sent to shareholders, regularly every year.
- **Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with the Stock Exchanges and are available on the website of BSE Ltd. - www.bseindia.com and National Stock Exchange of India Ltd. - www.nseindia.com.

16.General Shareholder Information

16.1 Annual General Meeting:

Day, Date and Time	Wednesday, August 28, 2019 at 03:15 p.m.
Venue	Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj, Vadodara – 390005, Gujarat.

16.2 Financial Calendar (tentative):

Results for quarter ending June 30, 2019	Second week of August 2019.
Results for quarter ending September 30, 2019	Second week of November 2019.
Results for quarter ending December 31, 2019	Second week of February 2020.
Audited Results for year ended March 31, 2020	Third or Fourth week of May 2020.

16.3 Details of Book-closure for Equity Shareholders:

From Thursday, August 22, 2019 to Wednesday, August 28, 2019 at 03:15 p.m. (both days inclusive)

16.4 Dividend Payment Date:

On or before, Friday, August 30, 2019

16.5 Listing Details

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

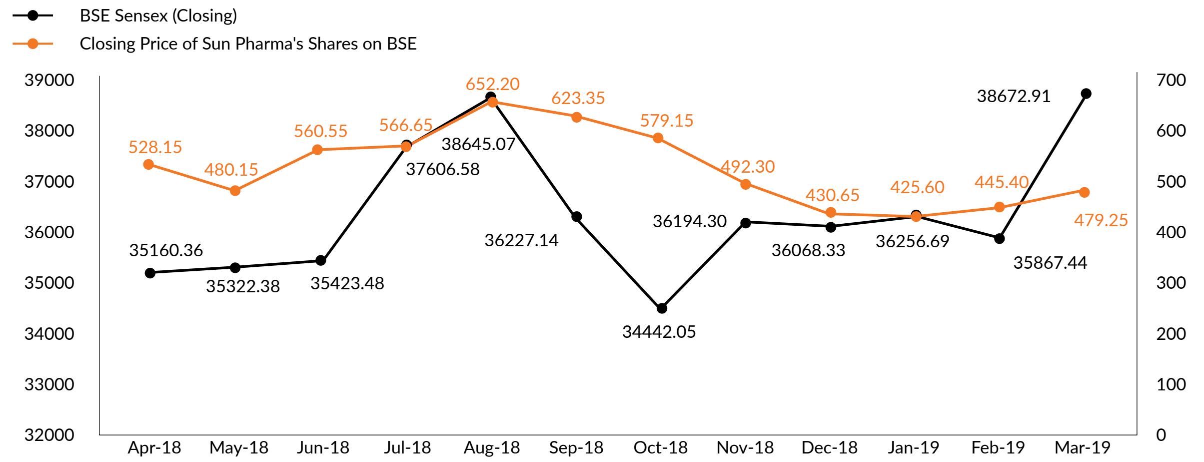
16.6 Stock Market Data - Equity Shares of ₹1/- paid-up value:

	BSE Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2018	531.25	496.40	530.95	496.05
May, 2018	537.50	434.80	539.30	435.00
June, 2018	591.30	470.50	592.00	470.15
July, 2018	588.25	529.95	588.85	530.70
August, 2018	658.90	549.20	659.40	548.85
September, 2018	678.80	607.65	679.30	614.50
October, 2018	640.45	550.30	640.75	550.00
November, 2018	603.75	474.65	604.80	474.50
December, 2018	467.00	391.10	464.70	390.60
January, 2019	457.15	375.40	457.40	370.20
February, 2019	454.40	403.30	455.00	403.30
March, 2019	482.90	445.10	482.95	445.05

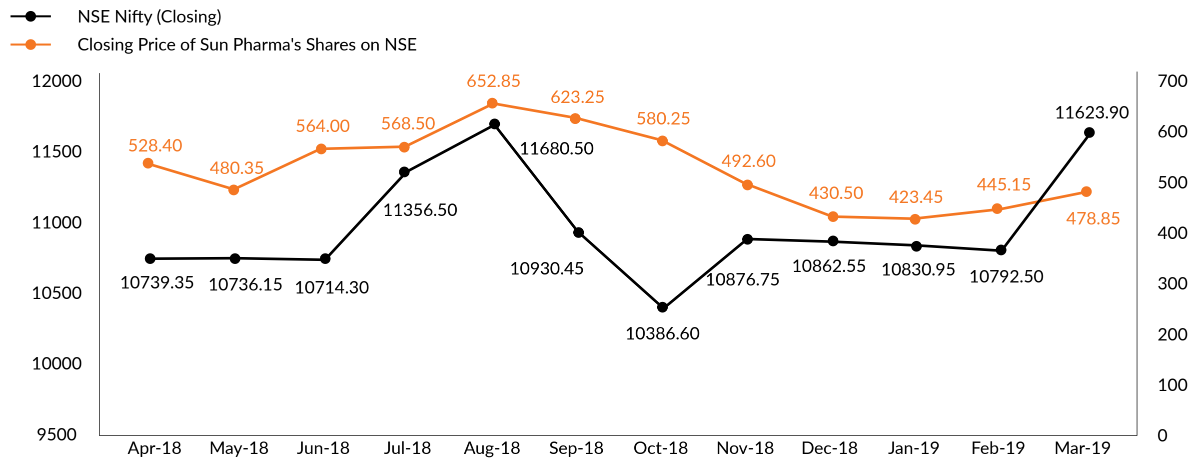
(Source: BSE and NSE website)

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

SPIL & BSE Sensex closing price



SPIL & NSE Nifty closing price



(Source: BSE and NSE website)

16.8 Share price performance relative to NIFTY and BSE Sensex based on share price on March 31, 2019.

	% Change in		
Period	Sun Pharma Share Price	Nifty	Sun Pharma Relative to Nifty
Year-on-Year	-3.28%	14.93%	-18.21%
2 Years	-30.41%	26.71%	-57.12%
3 Years	-41.60%	50.21%	-91.81%
5 Years	66.63%	73.38%	-6.75%
10 Years	330.83%	284.78%	46.06%

	% Change in		
Period	Sun Pharma Share Price	BSE Sensex	Sun Pharma Relative to Sensex
Year-on-Year	-3.26%	17.30%	-20.56%
2 Years	-30.31%	30.56%	-60.87%
3 Years	-41.52%	52.60%	-94.12%
5 Years	67.18%	72.75%	-5.58%
10 Years	330.84%	298.34%	32.50%

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

16.9 Registrars & Transfer Agent

Registrars & Transfer Agent (Share transfer and communication regarding share certificates, dividends and change of address)	Link Intime India Pvt. Ltd. C 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083 E-Mail: rnt.helpdesk@linkintime.co.in Tel: 022- 49186000 Fax : 022- 49186060

16.10 Share Transfer System

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

16.11 Distribution of Shareholding as on March 31, 2019

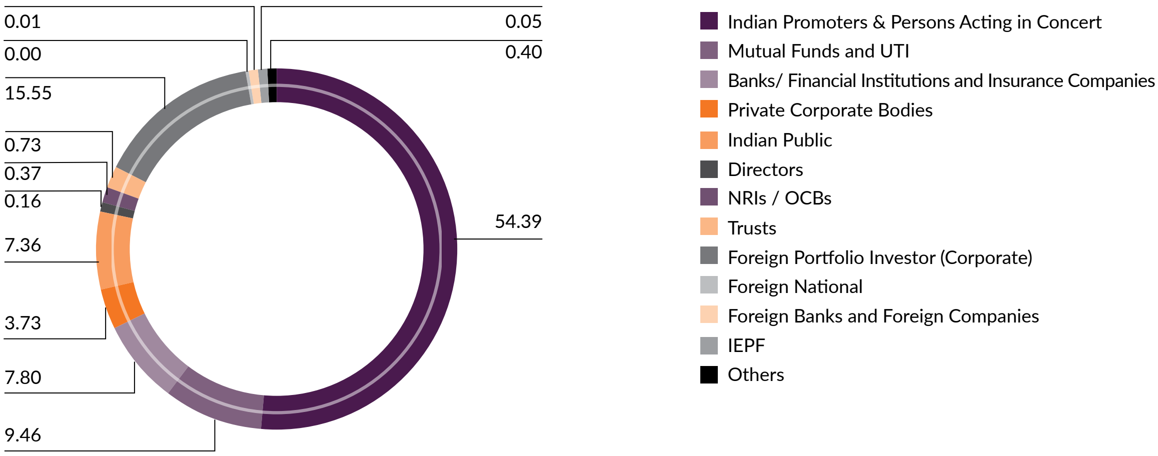
No. of Equity Shares held	No. of Folios		Shares of face value ₹1 each/-	
	Numbers	% to total folios	Numbers	% to total folios
Upto 5000	636154	99.00	106004683	4.42
5001 – 10000	2866	0.45	20362908	0.85
10001 – 20000	1961	0.31	25319656	1.06
20001 – 30000	359	0.05	8921296	0.37
30001 – 40000	167	0.03	5900034	0.24
40001 – 50000	106	0.02	4870180	0.20
50001 – 100000	253	0.04	18148474	0.76
100001 and above	680	0.10	2209807739	92.10
Total	**642546**	**100.00**	**2399334970**	**100.00**

16.12 Category-wise Shareholding as on March 31, 2019 of Equity Shares

Particulars	No. of Shares	Percentage
A. Indian Promoters and Persons acting in Concert	1304855381	54.39
B. Mutual Funds and UTI	226963122	9.46
C. Banks/ Financial Institutions and Insurance Companies	187209570	7.80
D. Private Corporate Bodies	89429151	3.73
E. Indian Public	176650742	7.36
F. Directors	3746747	0.16
G. NRIs /OCBs	8914611	0.37
H. Trusts	17502708	0.73
I. Foreign Portfolio Investor (Corporate)	372954728	15.55
J. Foreign National	24636	0.00
K. Foreign Bank and Foreign Companies	309682	0.01
L. IEPF	1218550	0.05
M. Others	9555342	0.40
Total	**2399334970**	**100.00**

Shareholding Pattern as on March 31, 2019

(%)



16.13 Dematerialisation of Shares

About 99.61% of the outstanding Equity shares have been dematerialised up to March 31, 2019. Trading in Shares of the Company is permitted only in dematerialised form.

Liquidity:

Your Company's equity shares are fairly liquid and are actively traded on National Stock Exchange of India Ltd., (NSE) and The BSE Ltd. (BSE). Relevant data for the average daily turnover for the financial year 2018-19 is given below:

	BSE	NSE	BSE + NSE
In no. of shares (in Thousands)	653.42	8487.19	9140.61
In value terms (₹ Million)	322.35	4221.16	4543.51

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

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

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on March 31, 2019.

Outstanding Stock Options

The details of Number of Stock Options outstanding as on March 31, 2019, are provided in the Annexure to the Board's Report and is available on the website of the Company.

Outstanding Unclaimed Shares

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

Particulars	No. of Shareholders	No. of equity shares of ₹1/- each of Sun Pharma
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2018	1101	383997
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Share Suspense Account during the period from April 1, 2018 to March 31, 2019	6	4783
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period.	6	4783
795 shareholders' shares (245334) have been transferred to IEPF on July 5, 2018 from Unclaimed Share Suspense account	795	245,334
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Share Suspense Account as on March 31, 2019	300	133880*

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

16.15 Disclosure of commodity price risk or foreign exchange risk and commodity hedging activities

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

16.16 Plant locations as on March 31, 2019:

1. Survey No.214 and 20, Govt. Industrial Area, Phase-II, Piparia, Silvassa – 396 230, U.T. of D & NH.
2. Survey no. 259/15, Dadra – 396191, U.T. of D. & NH.
3. Plot No.24/2 and No.25, GIDC, Phase- IV, Panoli – 395 116, Dist. Bharuch, Gujarat.
4. Plot No. 4708, GIDC, Ankleshwar – 393 002, Gujarat.
5. Halol-Baroda Highway, Near Anand Kendra, Halol, Dist. Panchmahal- 389350 Gujarat.
6. Plot No. 817/A, Karkhadi – 391 450, Taluka: Padra, Distt. Vadodara, Gujarat.
7. Plot No. Z/15, Sez-1, Po. Dahej, Taluko vagra, Dist. Bharuch, Gujarat.
8. A-7 & A-8, MIDC Industrial Area, Ahmednagar – 414 111, Maharashtra.
9. Plot No. B-2 Madkaim Industrial Estate, Ponda, Goa
10. Plot No. 1341 & 1342 EPIP-1, Hill Top Industrial Area, Village Bhatolikalan (Barotiwala), Baddi – 174103, Himachal Pradesh
11. Village & PO Ganguwala, Tehsil Paonta Sahib-173025, Distt. Sirmour, Himachal Pradesh
12. Village Batamandi, Tehsil Paonta Sahib-173025, Distt. Sirmour, Himachal Pradesh.
13. Village Toansa, P.O. Railmajra Distt. Nawansahar-144533 (Punjab)
14. A-41, Industrial Area, Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali-160071 (Punjab)
15. Plot No. K - 5,6,7, Ghirongi Industrial Area, Malanpur, Dist. Bhind, Madhya Pradesh
16. Pharma Manufacturing Industrial Area 3 A.B. Road, Dewas-455001, Madhya Pradesh
17. Sathammai Village, Karunkuzhi Post, Maduranthakam T.K. Kanchipuram Dist. Tamil Nadu – 603 303.
18. Sy. No. 16, Ekarajapura, Hoskote, Bengaluru (Karnataka)

16.17 Investor Correspondence

Particulars	Contact Details
a) **Registrars & Transfer Agent:**	Link Intime India Private Limited, Unit: Sun Pharmaceutical Industries Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai (INDIA) - 400083 Tel. No.: +91 22 49186270 / +91 22 49186000 Fax No.: +91 22 49186060 E-Mail: rnt.helpdesk@linkintime.co.in / sunpharma@linkintime.co.in
b) **Individual Investors & Queries Related to Shares/Dividend, etc. Secretarial Department**	Sun Pharmaceutical Industries Limited Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (E), Mumbai - 400063 Telephone: (+91 22) 4324 4324, Direct no. (+91 22) 4324 2230 Email : secretarial@sunpharma.com
c) **Institutional Investors: Mr. Nimish Desai**	Sun Pharmaceutical Industries Limited Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (E), Mumbai - 400063 Telephone: (+91 22) 4324 4324, Direct no. (+91 22) 4324 2778 Email : nimish.desai@sunpharma.com
d) **Nodal Officer** (for the purpose of IEPF) **Mr. Ashok I. Bhuta, Compliance Officer**	Sun Pharmaceutical Industries Limited Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (E), Mumbai - 400063 Telephone: (+91 22) 4324 4324, Direct no. (+91 22) 4324 2231 Email: secretarial@sunpharma.com

16.18 List of all credit ratings

Rating Agency	Instrument Type	Rating	Remarks
ICRA Limited	Bank Facility (Short-Term Scale)	[ICRA] A1+	No revisions in credit rating during the financial year 2018-19
	Long-Term/Short-Term Borrowing	[ICRA] AAA (Stable)/ [ICRA] A1+	
	Commercial Paper	[ICRA] A1+	
CRISIL Limited	Bank Facility (Short-Term)	CRISIL A1+	No revisions in credit rating during the financial year 2018-19
	Bank Facility (Long-Term)	CRISIL AAA/ Stable	
	Commercial Paper	CRISIL A1+	

For and on behalf of the Board

	Dilip S. Shanghvi	**Sudhir V. Valia**	**Sailesh T. Desai**
Place: Mumbai	Managing Director	Whole-time Director	Whole-time Director
Date: May 28, 2019			

ANNEXURE 'A' TO CORPORATE GOVERNANCE REPORT

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT FOR THE YEAR ENDED MARCH 31, 2019

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

For Sun Pharmaceutical Industries Ltd.,

Dilip S. Shanghvi

Date: May 28, 2019

Managing Director

ANNEXURE 'B' TO CORPORATE GOVERNANCE REPORT

CERTIFICATE

(pursuant to Regulation 34(3) and schedule V para C clause (10) (i) of the SEBI
(Listing Obligation Disclosure requirement) Regulation, 2015)

To,
The Members of
Sun Pharmaceutical Industries Limited
Sun House, Plot No. 201 B/1,
Western Express Highway,
Goregoan (E), Mumbai 400063
Maharashtra.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Sun Pharmaceutical Industries Limited having CIN L24230GJ1993PLC019050 and having registered office at SPARC, Tandalja, Vadodara Gujarat - 390012 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V para – C sub clause 10(i) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number [DIN] status at the MCA portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of Directors of the Company as sated below for the financial year ending on 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities Exchange and Board of India, Ministry of Corporate affairs or any such other Statutory Authority.

Sr. No	Name of the Directors	Director Identification Number (DIN)	Date of Appointment in the Company
1.	Israel Makov	05299764	29/05/2012
2.	Dilip Shantilal Shanghvi	00005588	01/03/1993
3.	Sudhir Vrundavandas Valia	00005561	31/01/1994
4.	Sailesh Trambaklal Desai	00005443	25/03/1999
5.	Kalyanasundaram Subramanian	00179072	14/02/2017
6.	Rekha Sethi	06809515	13/02/2014
7.	Vivek Chaand Sehgal	00291126	14/11/2017
8.	Gautam Bhailal Doshi	00004612	25/05/2018

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KJB & CO LLP,
Practicing Company Secretaries

Alpeshkumar J. Panchal
Partner
Mem No. - 49008
C. P. No. - 20120
Date: May 28, 2019
Place: Mumbai.

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of
Sun Pharmaceutical Industries Limited
Sun House, Plot No. 201 B/1,
Western Express Highway,
Goregoan (E), Mumbai 400063
Maharashtra.

1. The Corporate Governance Report prepared by Sun Pharmaceutical Industries Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2019 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
   i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
   ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
   iii. Obtained and read the Register of Directors as on March 31, 2019 and verified that atleast one woman director was on the Board of Directors throughout the year;
   iv. Obtained and read the minutes of the following meetings held from April 1, 2018 to March 31, 2019:
      (a) Board of Directors meetings;
      (b) Audit Committee meetings;
      (c) Annual General Meeting (AGM) ;
      (d) Nomination and Remuneration Committee meetings;
      (e) Stakeholders Relationship Committee meetings;
      (f) Risk Management Committee meetings;
      (g) Committee of Directors (Allotment) meetings;
      (h) Corporate Social Responsibility Committee meetings; and
      (i) Independent Directors' meeting.
   v. Obtained necessary declarations from directors of the Company;
   vi. Obtained and read the policy adopted by the Company for related party transactions;
   vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee;

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**
Partner
Membership Number: 105754
UDIN: 19105754AAAABB3481
Date: May 28, 2019
Place: Mumbai.

Business Responsibility Report

Message from the Director's Desk

People globally depend on pharmaceutical industry for their health. Our societal welfare, economic or otherwise, is built on the foundations of having a healthy and productive population. The pivotal significance of pharmaceutical products for the society makes the industry highly vulnerable to stakeholder expectations. Therefore, business models must be willing to manage the emerging expectations of a wider set of stakeholders and address evolving priorities across the triple bottom lines of economic, environmental and social segments.

Being the world's 4th largest specialty generic pharmaceutical company and a trusted brand worldwide, we believe that our key responsibility is to make our medicines affordable and accessible to an ever-increasing population to provide for their unmet needs. We achieve these objectives by manufacturing our quality products safely, and in an environmentally responsible manner.

While nurturing nature and participating actively in social causes is as old as our business itself, six years ago, we synthesised all these elements in one cohesive model based on the National Voluntary Guidelines (NVG). It helped us in focussing our efforts towards all our stakeholders, be it patients, community, planet, shareholders, employees, etc.

As we move ahead on our sustainability journey, this year saw the development of some promising trends in all the three areas of Employee Wellness, Community Wellness and Environment Wellness.

Employee Wellness

Our most valuable asset is our multi-cultural team. Diverse cultural perspectives inspire creativity and drive innovation. With a global strength of 32,000+ employees, we invest our energy in engaging, nurturing and motivating them to grow. Our comprehensive Human Resources (HR) Policy covers the whole gamut of employee management, from recruitment to retention.

We continue to invest in their professional growth and to inculcate the value of responsible growth in them. So, they understand that their progress is linked with providing innovative solutions to unmet medical needs, community's upliftment and environment's protection. The reporting year saw the safety and skill up-gradation training of approximately 41% of our employees. Of our total women employees, 34% underwent this training.

Community Wellness

While making medicines which are more accessible and affordable to all is our role, we push the envelope further by enhancing our efforts to mainstream the socially marginalised. Healthcare, education, infrastructure & rural development, safe drinking water & sanitation, environment conservation and disaster relief are some of our key priorities enunciated in our comprehensive Corporate Social Responsibility (CSR) Policy.

We continue to undertake various local level community programmes based on the needs of the residents. In FY19, we also supported Government initiatives, like helping build 216 individual household toilets with an investment of ₹4.36 Million to achieve Government's objective of zero open defecation.

Environment Wellness

Technology-based differentiation is the hallmark of our product offerings and our environmental initiatives. We continue to invest in innovations based on an all-inclusive EHS (Environment, Health and Safety) policy, which we have institutionalised to administer and guide our operations.

The key tenets of our policy include waste management, conservation measures, increasing efficiency, green energy and implementing Clean Development Mechanism (CDM) projects at our facilities, reducing our impact on the environment. Seventeen of our units are Zero Liquid Discharge (ZLD) facilities, while 5 are in the process of obtaining the status. In FY19, we also generated around 2.05 Million kWh of clean energy.

This Business Responsibility Report (BRR) articulates our commitment to the community, environment and all our stakeholders. We welcome your feedback on this report as your insights will help us enhance our triple bottom line performance.

Regards,

Sudhir V. Valia
Whole-time Director

Overview

Medical advancements have enabled people to live longer. According to projections, there will be more than 10 Billion people living on Earth by the year 2100. The rise in population would result in more demand of supplies, and subsequently more usage of natural resources and energy. If energy continues to be developed by finite fossil fuels, and the natural resources keep depleting at the pace they are, the environmental damage will drive us to a point of no return.

That is why sustainable development is so important and the governments as well as the corporate world would have to focus on their responsibilities. As part of the Sustainable Development Goals (SDGs), world leaders have promised to end poverty, reduce inequalities, and tackle climate change by 2030.

Being a global pharma leader with 32,000+ employees worldwide, 40+ manufacturing sites, 100+ markets served and a portfolio of 2,000+ marketed products, we at Sun Pharma strongly believe that business and responsibility go hand-in-hand. Lasting value can only be created, if the right balance between the triple bottom lines of economic, environmental and social is achieved.

This Business Responsibility Report is our demonstration of the triple bottom line approach covering the social, environmental and economic aspects of the business. In accordance with SEBI's proposed index and the nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', the report enunciates our plans and actions to build our business responsibly.

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L24230GJ1993PLC019050
2	Name of the Company	Sun Pharmaceutical Industries Limited
3	Registered Address	SPARC, Tandalja, Vadodara - 390 012, Gujarat
4	Website	http://www.sunpharma.com/
5	E-mail id	secretarial@sunpharma.com
6	Financial Year reported	April 1, 2018 to March 31, 2019
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	'Pharmaceuticals' is the primary reportable segment.
8	List three key products/services that the Company manufactures / provides (as in balance sheet)	Cip-Isotretinoin | Levulan Kerastick | EET (ARV)
9	Total number of locations where business activity is undertaken by the Company	As below
	1. Number of International Locations (Provide details of major 5)	US, South Africa, Romania, Japan, and Canada
	2. Number of National Locations	Facilities: Halol, Baska, Panoli, Karkhadi, Ankleshwar and Dahej (all in Gujarat), Baddi and Paonta Sahib (both in Himachal Pradesh), Mohali and Toansa (both in Punjab), Malanpur and Dewas (both in Madhya Pradesh), Ahmednagar (Maharashtra), Maduranthakam (Tamil Nadu), Dadra, Silvassa, Jammu (J&K), Sikkim, Goa, and Guwahati (Assam) R&D Centres: Vadodara (Gujarat), Mumbai (Maharashtra), and Gurgaon (Haryana) Registered and Corporate offices: Vadodara (Gujarat) and Mumbai (Maharashtra) respectively Pan-India Distribution Network
10	Markets served by the Company - Local / State / National / International	Over 100 markets served across 6 continents - Asia, North America, South America, Europe, Africa, and Australia

Section B: Financial Details of the Company

1	Paid up Capital (₹)	2,399 Million
2	Total Turnover (₹)	97,833 Million (standalone)
3	Total profit after taxes (₹)	8,166 Million (standalone)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Since the average net profit for the last three years is negative, the Company is not required to allocate any amount towards CSR. However, it has voluntarily spent ₹39.36 Million on CSR activities for the year.
5	List of activities in which the above expenditure has been incurred	Refer Principle 8 - 'Equitable Development'

Section C: Other Details

1	Does the Company have any Subsidiary Company / Companies?	Yes
2	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	There is no direct participation.
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	The Company has not instituted any process to monitor / verify whether any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company.

Section D: BR Information

1 a. Details of the Director / Directors responsible for implementation of the BR (Business Responsibility) policy / policies:

1	# DIN Number	5561
2	# Name	Mr. Sudhir V. Valia
3	# Designation	Whole-time Director

b. Details of the BR head:

1	# DIN Number (if applicable)	Mr. Sudhir V. Valia, Whole-time Director of Sun Pharma, oversees the BR implementation. The Company does not have a BR head as of now.
2	# Name	
3	# Designation	
4	# Telephone number	
5	# e-mail id	

2. Principle-wise (as per NVGs) BR policy/policies (Reply in Y/N)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy or policies for...	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy been formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with the Management of the Company and is approved by the Board.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies are compliant with respective principles of NVG guidelines.								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD / owner / CEO / appropriate Board Director?	All the policies have been approved by the Board and have been signed by the Managing Director.								
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	The Board has appointed Mr. Sudhir Valia, Whole-time Director - Sun Pharma, to oversee policy implementation.								
6	Indicate the link for the policy to be viewed online?	Copies will be made available on receipt of written request from shareholders.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been formally communicated to internal stakeholders. The external stakeholders will be communicated in due course.								
8	Does the company have in-house structure to implement the policy / policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

		P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	It will be done in due course.								

3. Governance related to BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annual
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The BR report for FY19 is a part of the annual report and can also be accessed through the link: http://www.sunpharma.com/pdflist/all-documents. It is published annually.

Principle 1: Ethics, Transparency and Accountability

Good governance is at the heart of sustained growth of an organisation. At Sun Pharma, our governance standards are guided by our vision and values.

Comprehensive policies are in place to ensure transparency and accountability. All employees, from the leadership to the shop floor, are woven in a culture of ethics and integrity. This has resulted in an organisation which is not only responsible to the shareholders, but also to other stakeholders like community and environment.

Our corporate governance philosophy values the following principles:

- High levels of transparency
- Accountability
- Consistent value systems
- Delegation of responsibility across all facets of operations

To ensure that these principles translate into consistent practice, the below enablers lead us towards high standards of business conduct.

Leadership

Our board of directors bring forth an international perspective with global best practices and rich experience combined with the strength of entrepreneurship. The leadership drives sustainable growth consistent with integrity and accountability.

Board Committees

Core areas of governance are overseen by dedicated board committees to streamline the governance process. The committees are:

Audit Committee
Nomination & Remuneration Committee
Stakeholders Relationship Committee
Risk Management Committee
Corporate Governance & Ethics Committee

Code of Conduct & Policy

At Sun Pharma, means are as important as the end. We enable our employees to thrive through fair means detailed in our Code of Conduct. Along with the code, various policies on significant subjects are designed to cover all areas of operations.

We are continuously and consistently raising the bar on our commitment to the best standards of governance. We also actively solicit feedback from all our stakeholders on our business conduct and keep our code and policies updated. In the reporting year, we received 1 stakeholder complaint, which was resolved satisfactorily.

Principle 2: Product Life Cycle Sustainability

Being in the healthcare industry, our primary purpose is to meet the health-related needs of the patients. Equally important though is the well-being of our ecosystem - the society and the environment. So, we not only work to make our products more affordable and accessible, we also take steps to serve the community and minimise our impact on the environment.

Affordable Access

When disease strikes, it doesn't differentiate between the wealthy and the needy. The research capabilities and scientific advancements have resulted in finding treatments for majority of diseases, but the price of medication makes it beyond the means of majority of people. As one of the leaders in the generics segment of the global pharmaceutical industry, our endeavour is to make good health, affordable and accessible for all.

We produce and deliver affordable, high quality, WHO pre-qualified, generic Antiretroviral products to various governments and NGOs around the world to fight HIV/AIDS. Other than making drugs affordable in order to improve access, we also provide some life-saving medicines free of cost.

Some of our products that have broken the affordability and accessibility barrier include:

- Rilutor (Riluzole): Used for treating Amyotrophic Lateral Sclerosis (a life-threatening disease), this product is distributed free of cost to all patients
- Decitabine: An enabler to oncology therapy, it is sold at a significantly lower price compared to innovator's product

Empowering Communities

While we continue to make our products accessible and affordable to more people, we also consistently work to uplift our neighbouring communities. By sourcing local labour and material, we empower the community surrounding our manufacturing plants. This not only gives them a bigger opportunity to work in, but also helps us reduce the carbon footprint.

We also invest in upskilling local talent and upgrading local suppliers. Quality of our products is not compromised as we raise the local capabilities to our benchmark standards. Credits are also advanced where necessary to enhance the capacity of the suppliers. Many of our facilities have identified and encouraged various such local vendors.

For more details regarding our community initiatives, please refer Principle 8 of this report.

Enriching Environment

Nature sustains life; it must be nurtured for a better quality of life. At Sun Pharma, we are fully committed to achieving excellence in Environment, Health & Safety (EHS) and conduct our activities in the most responsible manner. Our EHS policy provides for the creation of a safe and healthy workplace, and a clean environment for employees and the community.

Our initiatives include manufacturing products safely and in an environmentally sustainable manner, cultivating a culture of conservation and aiming for the highest international standards in our operations.

For more details regarding our environment initiatives, please refer Principle 6 of this report.

Calculating our environmental performance per product poses unique challenges, owing to a diverse product portfolio and complex production processes. We, therefore, monitor and manage our total annual water and energy performance vis-à-vis our total annual production.

Production:
API: 3,496 ton
Formulations: 21,491 Million units

Water usage:
3,211,051 KL

Energy Usage:	
Electricity (kWh)	445,793,100
Gas (in '000 nm3)	10,984
Furnace Oil (MT)	8,822
HSD (L)	1,398,400
Briquette (MT)	65,393

Principle 3: Employee Well-being

Employees are core assets and thereby vital to the success of any organisation. At Sun Pharma, we empower our employees by providing them a safe workplace, progressive policies, growth opportunities and learning options, thereby creating an environment where their personal and professional goals merge to deliver exceptional outcomes.

One of the significant enablers of our global workforce is active engagement. We provide them with platforms where they can express themselves resulting in transparency, camaraderie and feedback. By addressing their concerns, people managers add the power of the employees to the inherent strength of the company. This results in a motivated workforce, lesser attrition, enhanced productivity and better quality.

Our all-encompassing HR policy covers all the aspects, right from recruitment to retention leading to an overall development of our employees. Based on the feedback received, the HR policy keeps evolving. The key tenets of the policy are:

Employee Engagement

One of the significant enablers of ensuring employee wellbeing is active engagement. Several two-way communication platforms are in place for employees to express themselves, know more about the organisation as well as raise queries and concerns. Employee feedback is promptly solicited by us at Sun Pharma.

Continuous Learning

Knowledge is a key differentiator in our business. Continuous learning is thus imperative to remain ahead in the league. We offer various development opportunities to our employees which are customised as per the need of the individuals and their functions.

We have an in-house competency development mechanism as well as support external capability enhancement.

Equality of Opportunity

At Sun Pharma, merit is the only prerequisite to growth. We celebrate diversity and discourage bias, discrimination and harassment. We nurture diversity by encouraging a fine amalgam of talent from different age groups, genders, castes, domains, religions, cultural backgrounds etc.

As of March 31, 2019, we had a total workforce of 32,000+ people in India, including permanent, temporary and contractual employees, of which 1,419 were women employees and 13 were employees with disabilities.

Freedom of Association

We have always encouraged employees to communicate, whether individually or by forming an association. Union of employees that pursue the interests of its members, keeping in mind the overall business environment, is given its due importance.

At present, there is a management-recognised employee association, which covers approximately 4% of our employee membership.

Health and Safety

Wellness of the workforce is given pivotal importance at Sun Pharma. Our robust Environment, Health and Safety (EHS) policy and operating guidelines ensure a safe and healthy environment. We have been progressively establishing ISO 14001:2015 compliant Environmental Management System and OHSAS 18001:2007/ISO 45001:2018 compliant Occupational Health and Safety Management System at our key manufacturing facilities.

We continue to devote our resources in imparting safety training, designed in such a way that each employee is aware of all the do's and don'ts of operational safety, right from prevention to emergency management. The reporting year saw the safety and skill up-gradation training of approximately 41% of our employees, including 34% of women employees.

We encourage reporting of accidents, injuries and near misses, which enables us to be better prepared in the future. Safe work practices are endorsed, and the usage of unsafe equipment is disallowed.

Key ingredients of our occupational health and safety approach:

- Safe Working Systems
- Use of Personal Protective Equipment (PPE)
- Safety Inspections & Audits
- Emergency Preparedness
- Safety Risk Management

Recognition & Recreation

Recognition and recreation are crucial to motivate the employees to perform to the best of their potential. We have developed specific programmes to reward talent.

Recognition is given to employees for exceptional performance through various recognition schemes. Regional and functional awards facilitate the acknowledgement of employees' involvement and inputs towards the realisation of goals.

Some of the other modules of employee recognition and recreation include:

- Special celebration to accord due recognition to the retiring employee
- Long-service award to recognise the loyalty and commitment of employees
- Family picnics to foster camaraderie

Sun Pharma Excellence Awards

In our constant endeavour to promote young pharma talent, we recognise top academic performers through the Sun Pharma Excellence Award Programme. This honour is given to final year students of the MBA in Pharmaceutical Management programmes in various institutes. We are also committed to hire exceptionally talented people from the campus and nurture them professionally.

Principle 4: Stakeholder Engagement

An underlying principle of stakeholder engagement is that stakeholders have the chance to influence the decision-making process. We have a comprehensive engagement mechanism in place to have a consistent and transparent dialogue with all our stakeholders.

In-built in this process of interaction, is the repository of responses from internal as well as external stakeholders, which helps us in streamlining our policies, processes and products. A continuous communication over a period also builds relationship, trust and understanding with the stakeholders.

The three pillars of our engagement mechanism with our stakeholders are 'inclusivity', 'accountability' and 'responsibility'.

Inclusivity

We believe in including all our stakeholders whether minor or major, internal or external, who has an impact, direct or indirect, on our business. Already identified, some of the key stakeholders include:

- Employees
- Neighbouring Communities
- Patients
- Healthcare Professionals
- Investors & Shareholders
- Vendors, Suppliers & Distributors
- Government & Regulators

Accountability

We are answerable to our stakeholders and this accountability leads to integrity. Consistent information is provided, and a considered response is sought, leading to a meaningful communication and fruitful collaboration. Some of the major platforms we use are:

- Corporate Website
- Annual Reports
- Quarterly Reports
- Investor Presentations
- Official Press Releases
- Vendor Meets
- Customer Feedback Sessions
- Dedicated Portals for Employees, Vendors and Field staff
- Participation in Independent Exhibitions
- Social Media

Responsibility

Stakeholders are the ones who fuel our sustenance and are also the ones who are impacted by our business. We therefore act as an instrument to responsibly balance the interests of all of them.

Careful consideration is given to those who need more resources to uplift themselves. Initiatives are designed to continuously and consistently provide more amenities and opportunities to them.

For more details regarding this, please refer Principle 8 of this report.

Principle 5: Human Rights

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

We adhere to this principle regardless of the nation, location, language, religion, ethnic origin or any other status of any person. Our all-encompassing Human Rights Policy covering various tenets ranging from freedom of association to freedom from harassment, applied across our operations is testimony to our commitment.

Our actions emanating from these policies speaks louder than our intentions. Not only are we compliant with all the statutory laws and regulations, we have grievance redressal mechanisms in place for violations, if any. In the reporting year, there were no human rights violation complaints, relating either to child, forced and involuntary labour or discriminatory employment against the Company. However, we did receive three complaints related to sexual harassment during the year, which have been resolved.

Principle 6: Environment

The focus on economic development alone has led us to a point where we are staring at scarcity of natural resources, clean air, fresh water and rich biodiversity. At Sun Pharma, we are vigilant of the emerging situation and are acting in a manner so as to change this narrative.

By investing in energy efficiency and reducing our consumption, we are not only making environmental sense, but also economic sense. We have embraced an all-encompassing Environment, Health & Safety (EHS) policy which etches out our concerns as well as the roadmap to resolve them.

Summarised below are our green must dos:

- Ensure statutory compliance
- Optimise natural resources
- Effect continuous improvement in environment management
- Innovate greener technologies and processes
- Spread green awareness across internal and external stakeholders

We also engage with the concerned authorities and industry in devising responsible laws, regulations and standards. Some of our key material concerns include:

Waste Management

Systematic processes (SOPs) are in place at Sun Pharma to ensure effective waste management. With equipment installed at all our major facilities for recycling of the treated effluent, we have achieved the status of zero liquid discharge at majority of our facilities. Some of the SOPs include:

- Waste production is minimised at the source itself
- Waste materials including solvents, waste water, glass, plastic liners, fibre drums, metal drum sheets, HDPE sheets and waste oil are recycled. Initiatives consist of setting up effluent treatment plants, recycling through registered recyclers and engaging scrap vendors for materials like paper, plastic and HDPE. Seventeen of our units are Zero Liquid Discharge (ZLD) facilities, while 5 are in the process of obtaining the status
- Well-equipped solvent recovery systems enable us to recycle recovered solvents
- We ensure safe and responsible waste disposal as per Govt. norms and at Govt. approved sites

Energy Conservation

Reduction in energy consumption directly and positively impacts environment protection. It not only reduces the need for energy, lowering resource depletion, and thus benefitting the environment, but also reduces operational costs making economic sense as well.

At Sun Pharma, we are evaluating and implementing all available avenues to conserve as much energy as possible and reduce the environmental burden. These options broadly can be classified into two categories - using energy efficiently in manufacturing processes and tapping technology to generate green energy.

Greener Operations

A host of initiatives were undertaken to reduce the consumption of energy in our processes. This was achieved through optimising the systems at various points of different sites, some of which are:

- Use of energy efficient motors
- Enhancement of steam condensate recovery
- CFL lamps replaced with LED bulbs in a phased manner
- Usage of condensate water in boiler
- Phase-wise installation of PHE (Plate Heat Exchanger) undertaken by replacing the conventional hot water tanks
- Introduced motion sensors for air curtains
- Optimisation of water evaporation, hence, reduction in water consumption and simultaneous reduction in power consumption
- Installation of energy efficient equipment, such as Coating Dry Scrubber, Variable Speed Drive (VSD) air compressor and Air Handling Unit (AHU)
- Boilers fitted with economiser coils which help in preheating boiler feed water, which in turn reduces the fuel consumption
- Increase in condensate recovery

- Heat recovery from flue gases used to generate hot water
- Replacement of cooling tower and pump to save power
- Installation of heat pump to save steam
- Reduction in ceiling height to save power and fuel
- Motion sensors (electricity) installed to reduce energy consumption in close areas

Greener Investments
We are committed to generate more green energy to reduce our dependence on fossil fuels. Our investments, especially in the area of wind energy, are testament of our conviction. In FY19, we generated around 2.05 Million kWh of clean energy.

Carbon Emission
Various projects are implemented at our facilities by switching from 'conventional' furnace oil / light diesel oil boilers to 'eco-efficient' biomass briquette-based boilers. It not only restricts the emissions of our operations, but also achieves two more objectives:

- Social well-being: Generating additional earning opportunities for the local people
- Environmental well-being: Replacing fossil fuels by a carbon-neutral fuel

As of now, we have 12 facilities equipped with the biomass fuelled boilers, with a total steam generation capacity of 110 tph.

As of March 31, 2019, there were no pending notices from pollution control boards.

Principle 7: Policy Advocacy

In an ever-evolving world of pharmaceuticals, where change in business policies can affect human lives, it is imperative that we have a consistent engagement with all the stakeholders who can have an impact on policy making.

As we are focussed on making affordable medicines accessible, we share our invaluable experience and leverage our leadership position to provide incisive insights and detailed inputs to key decision makers in planning better policies for the patients. We also learn from the best practices of others. Along with collaborations with various trade and industry associations, we are also members of:

- Indian Drug Manufacturing Association (IDMA)
- Indian Pharmaceutical Alliance (IPA)
- Bombay Chamber of Commerce and Industry
- Confederation of Indian Industry (CII)
- Pharmaceutical Export Promotion Council of India (Pharmexcil)
- The Associated Chambers of Commerce of India (ASSOCHAM)
- The Federation of Indian Chambers of Commerce and Industry (FICCI)

Principle 8: Equitable Development

Equitable development is key to long-term progress. At Sun Pharma, we strive to ensure a better quality of life for the community while contributing towards a healthy world. All our social efforts stem from our well-articulated Corporate Social Responsibility (CSR) policy and focus on some of the key priorities of the communities, which include:

- Healthcare
- Education
- Safe Drinking Water and Sanitation
- Environment Conservation
- Infrastructure and Rural Development
- Disaster Relief

The programmes range from large-scale, long-term projects to one-off need-specific initiatives, aimed towards touching the lives of those who are socio-economically marginalised and opportunity-challenged. The total CSR expenditure for the FY19 was ₹39.36 Million. Illustrated below are some of the key initiatives undertaken during the financial year FY18-19:

Healthcare
We implemented various healthcare programmes with the objective of offering up-gradation in health infrastructure to benefit the community on a sustained basis and in priority areas.

Distributing Medicines
Being in the healthcare industry, we directly support the socio-economically challenged sections of the society by providing medicines. Some of the beneficiaries include:

- Financially challenged patients continue to gain our assistance in the form of free-of-cost medicines. In the reporting period, we continued to dispense free Riluzole which is used in the treatment of Amyotrophic Lateral Sclerosis (a life-threatening disease) to all patients

Mobile Medical Unit
Mobile Medical Units cater to the primary healthcare benefits of the targeted beneficiaries at their doorstep. The project is implemented with the help of Sun Pharma Community Healthcare Society and HelpAge India. The project primarily focusses upon the reduction of maternal and infant mortality rate. It also emphasises on improving health of adolescent girls, prevention and control of communicable and non-communicable diseases, and awareness regarding HIV / AIDS within the community.

The is an ongoing project and saw an investment of ₹21.61 Million during FY19. The mobile medical vans under this programme are serving the population of Halol, Ahmednagar, Karkhadi, Panoli, Ankleshwar, Madhurantakam, Mohali, Dewas, Toansa, Malanpur and Paonta Sahib. Under this project, 147,611 beneficiaries were provided clinical treatment, whereas 78,255 patients benefitted under preventive and promotive healthcare services.

Healthcare Programme

We support health service providers by providing health-related equipment, maintenance of health centres and medicine support for socio-economically challenged sections of the society. This project is being carried out in the rural areas of Halol and Toansa.

Under this programme, we invested ₹0.37 Million for above mentioned activities at Toansa and Halol. This programme has benefitted more than 2,240 patients.

Education

Quality education to the underserved and under-privileged children of the rural remote areas is our key intention. We have extended our efforts to improve the educational standards through ensuring basic educational facilities in rural areas such as infrastructure upgradation, computer training to students, model school development project, provision of potable drinking water for the students, distribution of stationary / books, celebration of school-based activities etc.

This project was implemented at Ahmednagar, Karkhadi, Halol, Ankleshwar, Madhurantakam, Panoli, Silvassa, Malanpur, Toansa and Dewas and has benefitted more than 11,821 students with an investment of ₹5.45 Million during FY19.

Safe Drinking Water and Sanitation

Individual health & hygiene is largely dependent upon the availability of safe drinking water, proper sanitation habits, and availability of toilets with adequate water supply.

Sanitation Project

We have constructed individual household toilets for communities based at Halol, Silvassa, Ahmednagar and Maduranthakam locations. Under the programme named Swachachhta Pakhwada, we also emphasised upon IEC (Information, Education and Communication) activities considering that only the construction of toilets is not enough, but there is a requirement to organise awareness programmes to spread the message of cleanliness and hygiene for leading a healthy life.

The project was undertaken with an investment of ₹5.42 Million during FY19 for the construction of individual household toilets, and its sanitation and cleanliness drive programme. During this financial year, we have constructed 216 individual household toilets under this programme.

Drinking Water Project

The drinking water project was implemented in Toansa and Panoli villages with an aim to provide safe drinking water to the communities.

This ongoing project saw an investment of ₹0.46 Million. It included the community water project at Bhadi village in Bharuch and running deep bore well at village Toansa. 125 households were provided with clean and potable drinking water in upper and lower Toansa.

Water Conservation Project

Under the flagship Scheme of the Government titled as 'Sujalam Sufalam Yojana' which focusses upon water conservation during rainy reason, we have implemented water conservation project to increase the availability of water in rural areas where local villages & communities depend upon local water bodies like ponds and ground water for survival.

This project was undertaken with the collaboration of Government of Gujarat and was implemented for community benefits at Ankleshwar, Panoli, Karkhadi and Halol with an investment of ₹1.62 Million during FY19.

Environment Conservation

Environment conservation is important to reduce the degradation and exploitation of natural resources including flora and fauna. The activities that were implemented under this project were:

- Roadside tree plantation
- Distribution of saplings
- Awareness generation programme within the community on the importance of tree plantation
- Celebration of Environment Day in schools

This project was implemented with an investment of ₹1.86 Million during FY19 in Ahmednagar, Madurantakam, Panoli, Paonta and Toansa.

Infrastructure and Rural Development

Good infrastructure is a gift that keeps on giving benefits for a long time. We focus on rural infrastructure upgradation support. This year we supported the installation of traffic signal lights in Ahmednagar, installation of solar lights in Halol, provision of LPG connections for Anganbari Centres at Madhurantakkam, infrastructure upgradation of community kitchen area in Dahej and playground development at Panoli.

All the above-mentioned activities were implemented with an investment of ₹1.53 Million during FY19.

Disaster Relief
We support relief measures in emergencies. During the flood related disaster that took place in Himachal Pradesh, we supported by providing funds for immediate relief to communities residing near flood affected areas.

Similarly, flood affected people in Tamil Nadu were also supported under this cause. The total relief amount donated for the benefit of the affected communities during FY19 was ₹1.00 Million.

Principle 9: Customer Value

All our policies and processes finally transform into products for the customer, making them our key stakeholder. Spread globally, our customers' well-being is our focus and we intend to offer value to them through multi-pronged ways. Our customer-centricity approach hence encompasses a gamut of propositions:

- Delivering affordable medicines and increasing their accessibility
- Practising stringent quality standards to ensure safe, effective and easy to use products
- Soliciting customers' feedback, insights and timely addressing their issues

Improving access to medicines
New cures and remedies are of no use to the people, if the cost of those medicines is prohibitive. With improving mortality rates, the need for specialty medicines have increased, but its affordability is a challenge. We are trying to put our efforts in overcoming this challenge.

Another space we are investing in, is to make these affordable medicines accessible to a larger footprint. We continue to expand geographically serving more than 100 countries catering to local treatment needs with our global portfolio of ~2,000 products.

Product Safety
The nature of our business makes it imperative for us to view quality not only as a differentiator, but also as an elementary feature of our products. We have thus, incorporated pharmaco-vigilance SOPs to methodically examine, detect and gauge any adverse effects which may arise in or due to our products. This system results in the elimination of misfortunes at the initial phase itself. Being a customer-centric global pharmaceutical company, we keep pushing the envelope further in terms of product safety throughout our value-chain, with unrelenting vigilance of our R&D experts playing their part.

A comprehensive quality management system is in place to keep an all-inclusive and updated database of unfortunate events. Both healthcare and non-healthcare stakeholders can access the 'adverse impact reporting form' from our website. To encourage free and fair feedback, the reporter's identity is kept confidential and is diligently protected. After filtering the feedback received, the information is used for the systematic benefit-risk ratio assessment of the medicine.

Active Engagement
We engage with our customers who are spread globally, through a two-way interactive process:

Provide:
We disclose detailed information about all our products, which also complies with all applicable labelling codes and specifications. We also deal with customers in a transparent and ethical manner, eliminating any form of miscommunication or misunderstanding. Our employees' engagement with the customer is governed through the Code of Conduct.

Receive:
Our constant engagements provide us with valuable feedback from customers and helps us identify and address issues, if any. In the reporting year, although no formal survey was carried out, our medical representatives continued to seek suggestions in person, from doctors and pharmacists. Our 'Customer Centricity Policy' also directs our employees to be receptive towards customer's needs and concerns.

In the last ten years, no material case regarding dishonest trade practices or irresponsible advertising have been filed against Sun Pharma by any stakeholder.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sun Pharmaceutical Industries Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

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, 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the standalone Ind AS financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Litigations (as described in Note 39 of the standalone Ind AS financial statements)	
The Company is involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to conduct of its business. The Company assesses the need to make provision or to disclose a contingent liability on a case-to-case basis considering the underlying facts of each litigation. The eventual outcome of the litigations is uncertain and estimation at balance sheet date involves extensive judgement of Management including input from legal counsel due to complexity of each litigation. Adverse outcomes could significantly impact the Company's reported profit and balance sheet position. Considering the judgement involved in determining the need to make a provision or disclose as contingent liability, the matter is considered a key audit matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification, evaluation of litigations, the recording / re-assessment of the related liabilities, provisions and disclosures. • Obtained a list of litigations from the Company's in-house legal counsel; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions.

Key audit matter	How our audit addressed the key audit matter
	• Read legal confirmations from Company's external legal counsels in respect of material litigations and considered that in our assessment. • Read the disclosures related to provisions and contingent liabilities in the standalone Ind AS financial statements to assess consistency with underlying documents.
Tax litigations and recognition of deferred tax assets (as described in Note 9 and 39 of the standalone Ind AS financial statements)	
The Company has significant tax litigations for which the Company assesses the outcome on a case-to-case basis considering the underlying facts of each tax litigation. Adverse outcomes could significantly impact the Company's reported profit and balance sheet position. The assessment of outcome of litigations involves significant judgement which is dependent on the facts of each case, supporting judicial precedents and legal opinions of external and internal legal counsels. Also, recognition of deferred tax assets is a key audit matter as the assessment of its recoverability within the allowed time frame involves significant estimate of the financial projections, availability of sufficient taxable income in the future and also involves significant judgements in the interpretation of tax regulations and tax positions adopted by the Company.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations/deferred tax and the recording and re-assessment of the related liabilities/assets and provisions and disclosures. • Engaged tax specialists, to evaluate management's assessment of the outcome of these litigations. • Our specialists considered legal precedence and other rulings in evaluating management's position on these tax litigations. • Tested management's assumptions including forecasts and sensitivity analysis in respect of recoverability of deferred taxes on unabsorbed depreciation/carry forward losses. • Evaluated disclosures of the tax positions, tax loss carry forwards and tax litigations in the standalone Ind AS financial statements.
Merger of specified business of Sun Pharma Global FZE (as described in Note 56(11) of the standalone Ind AS financial statements)	
On December 01, 2018 the Company completed the demerger of the specified business of Sun Pharma Global FZE ("Sun FZE") and its merger into Sun Pharmaceutical Industries Limited. As disclosed in Note 56(11) to the standalone Ind AS financial statements, the merger is accounted for as a business combination under common control. The merger has a significant impact on the standalone Ind AS financial statements of the Company including revenue, profit, tax, reserves and comparative numbers. We focused on this area considering that this was a significant event during the year.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of the controls over the accounting for business combination. • Instructed auditors of Sun Pharma Global FZE to perform specific audit procedures in respect of carve out of assets and liabilities pertaining to specified business of Sun Pharma Global FZE as at April 01, 2018 prepared by management and obtained their audit report on the carved out financial statements. • Traced the previous year (March 31, 2018) restated financial information of the Company to the carve out audited financial information of Sun FZE for the year ended March 31, 2018. • Tested the exchange restatements to check mathematical accuracy. • Read the approval obtained from National Company Law Tribunal (NCLT). • Tested supporting workings and evidence relating to the accounting as per the terms of the scheme of arrangement. • Evaluated the disclosures in the standalone Ind AS financial statements.
Identification and disclosures of Related Parties (as described in Note 51 of the standalone Ind AS financial statements)	
The Company has related party transactions which include, amongst others, sale and purchase of goods/services to its subsidiaries, associates, joint ventures and other related parties and lending and borrowing to its subsidiaries, associates and joint ventures. We focused on identification and disclosure of related parties in accordance with relevant accounting standards as a key audit matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Obtained a list of related parties from the Company's Management and traced the related parties to declarations given by directors, where applicable, and to Note 51 of the standalone Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
	• Read minutes of the meetings of the Board of Directors and Audit Committee. • Tested material creditors/debtors, loan outstanding/loans taken to evaluate existence of any related party relationships; tested transactions based on declarations of related party transactions given to the Board of Directors and Audit Committee. • Evaluated the disclosures in the standalone Ind AS financial statements for compliance with Ind AS 24.
Transition of business from Aditya Medisales Limited (as described in Note 56(12) of the standalone Ind AS financial statements)	
The Company has announced transition of the Indian Domestic Formulation distribution business from Aditya Medisales Limited ("AML"), a related party, to a wholly owned subsidiary of the Group. As part of the transition, the Company has taken back its unsold inventory lying with AML as on March 31, 2019. We focused on this area considering that this was a significant event during the year and being a transaction with a related party.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of the controls over the accounting of this transaction. • Performed count of the physical inventory taken back from AML by the Company as at March 31, 2019 on a test check basis. • Tested the working for valuation of such inventory on a sample basis. • Traced the closing receivable balance with the confirmation received from AML. • Tested supporting workings and evidences related to accounting. • Evaluated the disclosures in the standalone Ind AS financial statements.

OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT 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 Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

As fully described in Note 56(11) of the standalone Ind AS financial statements, the Company has prepared these standalone Ind AS financial statements to give effect to the Scheme of arrangement of demerger of the specified undertaking of Sun Pharma Global FZE into the Company with an appointed date of April 01, 2017. We did not audit total assets of ₹ 26,758.1 million as at March 31, 2018 and total revenues of ₹ 13,388.1 million for the year ended March 31, 2018, included in the accompanying standalone Ind AS financial statements (as part of previous year ended March 31, 2018) in respect of the specified undertaking of Sun Pharma Global FZE whose financial statements and other information has been audited by other auditor and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of the specified undertaking is based solely on the report of other auditor. Our opinion is not modified in respect of this matter.

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.
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 purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including 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 the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 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 29 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 ₹ 3.2 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 of Signature: Mumbai
Date: May 28, 2019

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” 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 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 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:

Type of asset	Total number of cases	Gross Block as on March 31, 2019 (₹ Million)	Net Block as on March 31, 2019 (₹ Million)	Remarks
Freehold Land including building located thereon	10	358.4	344.9	The title deeds are in the name of erstwhile companies that were merged with the Company under relevant provisions of the Companies Act, 1956/2013 in terms of approval of the Honorable High Courts of respective states.
Leasehold Land	5	500.7	480.9	

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

(ii) The inventory has been physically verified by 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(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 loans, making investments and providing guarantees and securities as applicable. During the year, the Company has not granted any loans to parties 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 to the Company and hence not commented upon.

(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, where applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(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, goods and service tax and cess, wherever applicable and which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Forum where the dispute is pending	Year to which it pertains	Amount (₹ Million)*
Income Tax Act, 1961	Income Tax, Interest, and Penalty	Commissioner (Appeals)	Various years from 2007-08 to 2014-15	128.69
Income Tax Act, 1961	Income Tax and Interest	Income Tax Appellate Tribunal (ITAT)	Various years from 1995-96 to 2011-12	17,048.74
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Assistant / Additional /Senior Joint Commissioner	Various years from 1999-00 to 2015-16	31.05
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Appellate Authority	Various years from 1998-99 to 2015-16	14.93
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Tribunal	Various years from 1998-99 to 2009-10	5.62
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	High Court	Various years from 1999-00 to 2010-11	51.09
The Central Excise Act, 1944	Service Tax	Assistant / Additional /Senior Joint Commissioner	Various years from 2013-14 to 2016-17	1.40
The Central Excise Act, 1944	Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi	Various years from 2006-07 to 2015-16	52.16
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	CESTAT	Various years from 2003-04 to 2015-16	1,143.83
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner (Appeals)	Various years from 2003-04 to 2016-17	41.68
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	High Court	Various years from 2003-04 to 2013-14	38.36
Customs Act, 1962	Customs Duty, Penalty and Interest	CESTAT	Various years from 2008-09 to 2014-15	115.97
Customs Act, 1962	Customs Duty, Penalty and Interest	Commissioner (Appeals)	Various years from 2010-11 to 2012-13	21.62

*Amount includes interest till the date of demand and are net of advances paid/adjusted under protest.

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

(x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and according to the information and explanations given by 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 management, 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 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 standalone Ind AS 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) of the Order are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by 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 Act.

(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 of Signature: Mumbai
Date: May 28, 2019

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS 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, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

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 Ind AS 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 Act, 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS 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 Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS 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 Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, 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 of Signature: Mumbai
Date: May 28, 2019

SUN PHARMA

Standalone Balance Sheet
as at March 31, 2019

₹ in Million

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	47,092.1	44,005.2
(b) Capital work-in-progress		4,562.5	8,303.9
(c) Goodwill	4	1,208.0	1,208.0
(d) Other Intangible assets	4	1,484.1	1,232.5
(e) Intangible assets under development		1,862.9	1,574.5
(f) Investments in the nature of equity in subsidiaries	5	175,907.7	182,225.7
(g) Financial assets			
(i) Investments	6	653.9	879.3
(ii) Loans	7	10.0	34.2
(iii) Other financial assets	8	546.1	489.7
(h) Deferred tax assets (Net)	9	7,517.0	7,517.0
(i) Income tax assets (Net)	10	21,101.2	20,742.4
(j) Other non-current assets	11	3,498.1	3,953.6
Total non-current assets		**265,443.6**	**272,166.0**
(2) Current assets			
(a) Inventories	12	27,926.2	21,356.4
(b) Financial assets			
(i) Investments	13	2,479.5	447.6
(ii) Trade receivables	14	50,314.7	52,714.4
(iii) Cash and cash equivalents	15	3,027.6	1,094.3
(iv) Bank balances other than (iii) above	16	380.1	458.4
(v) Loans	17	2,947.3	520.5
(vi) Other financial assets	18	8,458.0	3,315.0
(c) Other current assets	19	16,164.3	15,845.5
Total current assets		**111,697.7**	**95,752.1**
TOTAL ASSETS		**377,141.3**	**367,918.1**

Standalone Balance Sheet
as at March 31, 2019

₹ in Million

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	2,399.3	2,399.3
(b) Other equity	21	226,036.8	220,826.8
Total equity		**228,436.1**	**223,226.1**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	14,225.0	15,646.9
(ii) Other financial liabilities	23	10.2	9.1
(b) Other non-current liabilities	24	181.0	-
(c) Provisions	25	1,570.7	3,451.8
Total non-current liabilities		**15,986.9**	**19,107.8**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	44,280.5	52,138.1
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	45	659.8	105.5
(b) total outstanding dues of creditors other than micro and small enterprises		20,889.4	25,554.2
(iii) Other financial liabilities	27	36,878.7	18,567.4
(b) Other current liabilities	28	4,572.6	2,691.5
(c) Provisions	29	25,437.3	26,527.5
Total current liabilities		**132,718.3**	**125,584.2**
Total liabilities		**148,705.2**	**144,692.0**
TOTAL EQUITY AND LIABILITIES		**377,141.3**	**367,918.1**

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 28, 2019

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 28, 2019

SUN PHARMA

Standalone Statement of Profit and Loss

for the year ended March 31, 2019

₹ in Million

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
(I) Revenue from operations	30	103,032.1	90,062.5
(II) Other income	31	12,714.4	11,280.4
(III) Total income (I + II)		**115,746.5**	**101,342.9**
(IV) Expenses			
Cost of materials consumed	32	27,277.1	22,101.2
Purchases of stock-in-trade		11,968.5	12,015.1
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(2,513.0)	1,592.6
Employee benefits expense	34	15,713.4	16,250.0
Finance costs	35	5,409.2	3,883.1
Depreciation and amortisation expense	3 & 4	5,529.5	4,872.4
Other expenses	36	33,023.5	28,321.0
Total expenses (IV)		**96,408.2**	**89,035.4**
(V) Profit before exceptional item and tax (III - IV)		19,338.3	12,307.5
(VI) Exceptional item	56 (3)	12,143.8	9,505.0
(VII) Profit before tax (V - VI)		7,194.5	2,802.5
(VIII) Tax expense			
Current tax	38	15.5	20.2
Deferred tax	38	(987.0)	(274.1)
Total tax expense (VIII)		**(971.5)**	**(253.9)**
(IX) Profit for the year (VII - VIII)		8,166.0	3,056.4
(X) Other comprehensive income			
A) Items that will not be reclassified to the statement of profit or loss			
a. Gain / (loss) on remeasurement of the defined benefit plans		165.0	664.3
Income tax on above		(57.7)	(229.9)
b. Gain / (loss) on equity instrument through other comprehensive income		(52.1)	67.2
Income tax on above		18.2	(23.2)
Total - (A)		**73.4**	**478.4**
B) Items that may be reclassified to the statement of profit or loss			
a. Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		535.2	26.6
Income tax on above		(187.0)	-
b. Gain / (loss) on debt instrument through other comprehensive income		2.9	(15.5)
Income tax on above		(1.0)	5.4
c. Foreign currency translation reserve [gain / (loss)]		2,173.4	72.0
Income tax on above		(759.5)	-
Total - (B)		**1,764.0**	**88.5**
Total other comprehensive income (A+B) (X)		**1,837.4**	**566.9**
(XI) Total comprehensive income for the year (IX+X)		**10,003.4**	**3,623.3**
Earnings per equity share (face value per equity share - ₹ 1)	46		
Basic (in ₹)		3.4	1.3
Diluted (in ₹)		3.4	1.3

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 28, 2019

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 28, 2019

Standalone Statement of Changes in Equity

for the year ended March 31, 2019

₹ 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	Share options outstanding account	Amalgamation reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instrument through OCI	Debt instrument through OCI	Foreign currency translation reserve	Effective portion of cash flow hedges	
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
Add - Transfer on merger [Refer Note 56 (11)]	-	-	17,450.8	-	-	-	-	-	-	-	-	-	-	17,450.8
Adjusted balance as at March 31, 2017	2,399.3	* 0.0	53,575.2	11,894.6	26.4	43.8	7.5	34,779.3	124,860.0	16.0	-	-	(26.6)	227,575.5
Profit for the year	-	-	-	-	-	-	-	-	3,056.4	-	-	-	-	3,056.4
Other comprehensive income for the year	-	-	-	-	-	-	-	-	^ 434.4	44.0	(10.1)	72.0	26.6	566.9
Total comprehensive income for the year	-	-	-	-	-	-	-	-	3,490.8	44.0	(10.1)	72.0	26.6	3,623.3
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	-	53,575.2	11,929.1	-	43.8	7.5	34,779.3	120,370.0	60.0	(10.1)	72.0	-	223,226.1
Profit for the year	-	-	-	-	-	-	-	-	8,166.0	-	-	-	-	8,166.0
Other comprehensive income for the year	-	-	-	-	-	-	-	-	^ 107.3	(33.9)	1.9	1,413.9	348.2	1,837.4
Total comprehensive income for the year	-	-	-	-	-	-	-	-	8,273.3	(33.9)	1.9	1,413.9	348.2	10,003.4
Payment of dividend	-	-	-	-	-	-	-	-	(4,791.6)	-	-	-	-	(4,791.6)
Dividend distribution tax	-	-	-	-	-	-	-	-	(5.6)	-	-	-	-	(5.6)
Issue of equity shares	# 0.0	-	-	3.8	-	-	-	-	-	-	-	-	-	3.8
Balance as at March 31, 2019	2,399.3	-	53,575.2	11,932.9	-	43.8	7.5	34,779.3	123,846.1	26.1	(8.2)	1,485.9	348.2	228,436.1

^ Represents remeasurements of the defined benefit plans
* : ₹ 7,177
@ : ₹ 62,365
# : ₹ 11,790

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 28, 2019

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 28, 2019

Standalone Cash Flow Statement
for the year ended March 31, 2019

₹ in Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	7,194.5	2,802.5
Adjustments for:		
Depreciation and amortisation expense	5,529.5	4,872.4
Loss on sale/write off of property, plant and equipment and intangible assets, net	341.0	63.7
Finance costs	5,409.2	3,883.1
Interest income	(1,293.6)	(1,287.6)
Dividend income on investments	(8,909.3)	(8,154.8)
Net gain arising on financial assets measured at fair value through profit or loss	(2.0)	(0.7)
Net gain on sale of financial assets measured at fair value through profit or loss	(113.0)	(95.8)
Net loss on sale of financial assets measured at fair value through other comprehensive income	0.1	15.1
Gain on sale of investment in subsidiary	(1,862.4)	(1,328.0)
Provision / write off / (reversal) for doubtful trade receivables / advances	(147.0)	(135.7)
Sundry balances written back, net	(35.6)	(142.0)
Income recognised in respect of share based payments to employees	-	(1.0)
Impairment in value of investment, net	-	(562.2)
Provision in respect of losses of a subsidiary	366.9	254.3
Net unrealised foreign exchange loss / (gain)	5,202.8	(328.5)
Operating profit / (loss) before working capital changes	**11,681.1**	**(145.2)**
Movements in working capital:		
(Increase)/ decrease in inventories	(6,569.8)	1,726.4
(Increase)/ decrease in trade receivables	1,698.5	(5,385.3)
Increase in other assets	(1,302.3)	(7,704.4)
(Decrease)/ increase in trade payables	(4,012.0)	105.7
Increase in other liabilities	15,677.5	2,579.7
(Decrease)/ increase in provisions	(4,376.9)	25.0
Cash generated/ (used) in operations	**12,796.1**	**(8,798.1)**
Income tax paid (net of refund)	(374.3)	(2,914.2)
Net cash from / (used) in operating activities (A)	**12,421.8**	**(11,712.3)**
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)	(5,967.1)	(7,461.6)
Proceeds from disposal of property, plant and equipment and intangible assets	123.1	62.7
Loans / Inter corporate deposits		
Given to		
Subsidiary companies	(2,934.3)	-
Others	(500.0)	(320.0)
Received back / matured from		
Subsidiary companies	303.3	512.0
Others	820.0	-
Purchase of investments		
Subsidiary companies	-	(855.0)
Others	(170,975.8)	(168,061.1)
Proceeds from sale / redemption of investments		
Subsidiary companies	8,580.4	12,384.5
Others	168,834.8	168,335.1
Bank balances not considered as cash and cash equivalents		
Fixed deposits/ margin money placed	(3,077.0)	(1,048.9)
Fixed deposits/ margin money matured	3,173.0	773.7
Interest received	1,192.0	1,440.0
Dividend received from		
Subsidiary companies	4,764.5	8,154.8
Others (March 31, 2019 : ₹ 30,000; March 31, 2018: ₹ 24,000)	0.0	0.0
Net cash from investing activities (B)	**4,336.9**	**13,916.2**

Standalone Cash Flow Statement
for the year ended March 31, 2019

₹ in Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares on exercise of stock options/ share application money received	3.8	9.1
Proceeds from borrowings		
Subsidiary company	15,340.9	28,122.1
Others	155,882.9	117,554.1
Repayment of borrowings		
Subsidiary company	(21,390.6)	(22,655.1)
Others	(157,039.8)	(114,929.5)
Finance costs	(2,675.7)	(2,836.9)
Dividend paid	(4,801.8)	(7,981.4)
Dividend distribution tax	(5.6)	(3.4)
Net cash used in financing activities (C)	**(14,685.9)**	**(2,721.0)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**2,072.8**	**(517.1)**
Cash and cash equivalents at the beginning of the year	978.0	1,475.2
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(23.2)	19.9
Cash and cash equivalents at the end of the year	**3,027.6**	**978.0**

Notes:

1 Cash and cash equivalents comprises of

₹ in Million

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In current accounts	3,023.3	1,091.3
In deposit accounts with original maturity less than 3 months	-	0.6
Cash on hand	4.3	2.4
Cash and cash equivalents (Refer Note 15)	3,027.6	1,094.3
Less:- cash credit facilities included under loans repayable on demand in Note 26	-	116.3
Cash and cash equivalents in cash flow statement	**3,027.6**	**978.0**

2 Change in financial liability / asset arising from financing activities

₹ in Million

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Borrowings	Derivatives (Asset, net)	Borrowings	Derivatives (Asset, net)
Opening balance	68,840.1	754.1	60,466.1	1,210.0
Changes from financing cash flows	(7,206.6)	(827.8)	8,091.6	(518.0)
The effect of changes in foreign exchange rates	2,277.7	73.7	176.1	(32.1)
Changes in fair value	-	214.7	-	94.2
Other changes	455.2	-	106.3	-
Closing balance	64,366.4	214.7	68,840.1	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 28, 2019

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 28, 2019

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE 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 statement were authorised for issue in accordance with a resolution of the directors on May 28, 2019.

NOTE 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, 2019 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, 2018.

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, 2019

- 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, useful lives and residual values

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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 other intangible assets

Goodwill

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

Other intangible assets

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

The estimated useful lives for Product related intangibles and Other intangibles ranges from 3 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

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

regulation 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 & 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:

- 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

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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 115.

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 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

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, full currency

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

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.

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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.

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.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

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

Sale of goods

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, since it is the primary obligor in all of its revenue arrangement, as it has pricing latitude and is exposed to inventory and credit risks. Revenue is stated net of goods and service tax and net of returns, chargebacks, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Company estimates variable consideration at contract inception until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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 cost also includes 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

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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

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. Business combination

The Company uses the acquisition method of accounting to account for business combinations that occurred on or after April 01, 2015. The acquisition date is generally the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as Capital Reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as Capital Reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method.

v. **Recent Accounting pronouncements**

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

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 introducing /amending the following standards:

Ind AS 116, Leases

Ind AS 116 Leases has been notified on March 30, 2019, and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April, 01 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Company is evaluating the requirements of the standard and it's effect on its financials.

Ind AS 12 – Income taxes (amendments relating uncertainty over income tax treatments)

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together.
The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is evaluating the impact on its financial statements.

Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after April 01, 2019. The Company is evaluating the impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company is evaluating the impact on its financial statements.

Annual amendments to Ind AS

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company is evaluating the impact on its financial statements.

Ind AS 12: Income Taxes (amendments relating to income tax consequences of dividend)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The Company is evaluating the impact on its financial statements.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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 March 31, 2017	933.8	562.4	12,281.9	16.9	32,049.7	894.0	455.0	601.6	47,795.3
Add - Transfer on merger [Refer Note 56 (11)]	-	-	-	-	525.0	-	-	-	525.0
Foreign currency translation reserve	-	-	-	-	0.6	-	-	-	0.6
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**	**39,431.5**	**958.2**	**481.1**	**758.1**	**57,409.5**
Foreign currency translation reserve	-	-	-	-	39.2	-	-	-	39.2
Additions	106.4	367.2	490.9	-	7,065.3	48.3	67.7	207.9	8,353.7
Disposals	(0.1)	-	(2.7)	-	(487.3)	(5.3)	(88.7)	(8.0)	(592.1)
As at March 31, 2019	**1,147.5**	**929.6**	**14,648.3**	**16.9**	**46,048.7**	**1,001.2**	**460.1**	**958.0**	**65,210.3**
Accumulated depreciation and impairment									
As at March 31, 2017	-	13.8	1,069.2	1.0	7,308.9	300.1	151.5	257.3	9,101.8
Add - Transfer on merger [Refer Note 56 (11)]	-	-	-	-	218.3	-	-	-	218.3
Foreign currency translation reserve	-	-	-	-	0.7	-	-	-	0.7
Depreciation expense	-	6.8	399.5	0.5	3,441.0	115.8	98.4	131.4	4,193.4
Disposals	-	-	-	-	(77.5)	(0.7)	(30.7)	(1.0)	(109.9)
As at March 31, 2018	**-**	**20.6**	**1,468.7**	**1.5**	**10,891.4**	**415.2**	**219.2**	**387.7**	**13,404.3**
Foreign currency translation reserve	-	-	-	-	21.4	-	-	-	21.4
Depreciation expense	-	11.0	495.9	0.5	4,068.7	104.8	93.9	160.7	4,935.5
Disposals	-	-	(0.2)	-	(182.0)	(4.0)	(49.9)	(6.9)	(243.0)
As at March 31, 2019	**-**	**31.6**	**1,964.4**	**2.0**	**14,799.5**	**516.0**	**263.2**	**541.5**	**18,118.2**
Net book value									
As at March 31, 2018	**1,041.2**	**541.8**	**12,691.4**	**15.4**	**28,540.1**	**543.0**	**261.9**	**370.4**	**44,005.2**
As at March 31, 2019	**1,147.5**	**898.0**	**12,683.9**	**14.9**	**31,249.2**	**485.2**	**196.9**	**416.5**	**47,092.1**

Footnotes

(i) Buildings include ₹ 8,620 (As at March 31, 2018 : ₹ 8,620) towards cost of shares in a co-operative housing society and also includes ₹ 1.1 Million (As at March 31, 2018 : ₹ 1.1 Million) and ₹ 1,133.0 Million (As at March 31, 2018 : ₹ 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, 2018 : ₹ 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 50.

(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, 2019

NOTE : 4 GOODWILL / INTANGIBLE ASSETS
Other than internally generated

₹ in Million

	Computer Software	Product related intangibles	Goodwill	Total
At cost or deemed cost				
As at March 31, 2017	719.7	157.8	1,208.0	2,085.5
Add - Transfer on merger [Refer Note 56 (11)]	6.0	5,844.2	-	5,850.2
Foreign currency translation reserve	-	6.9	-	6.9
Additions	322.9	51.8	-	374.7
Disposals	(0.2)	-	-	(0.2)
As at March 31, 2018	**1,048.4**	**6,060.7**	**1,208.0**	**8,317.1**
Foreign currency translation reserve	0.4	438.3	-	438.7
Additions	705.5	204.2	-	909.7
Disposals	(0.7)	(261.7)	-	(262.4)
As at March 31, 2019	**1,753.6**	**6,441.5**	**1,208.0**	**9,403.1**
Accumulated amortisation and impairment				
As at March 31, 2017	342.4	50.3	-	392.7
Add - Transfer on merger [Refer Note 56 (11)]	4.2	4,791.7	-	4,795.9
Foreign currency translation reserve	-	9.1	-	9.1
Amortisation expense	166.9	512.1	-	679.0
Disposals	(0.1)	-	-	(0.1)
As at March 31, 2018	**513.4**	**5,363.2**	**-**	**5,876.6**
Foreign currency translation reserve	0.4	387.4	-	387.8
Amortisation expense	244.8	349.2	-	594.0
Disposals	(0.6)	(146.8)	-	(147.4)
As at March 31, 2019	**758.0**	**5,953.0**	**-**	**6,711.0**
Net book value				
As at March 31, 2018	**535.0**	**697.5**	**1,208.0**	**2,440.5**
As at March 31, 2019	**995.6**	**488.5**	**1,208.0**	**2,692.1**

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)

(iii) The recoverable amount of Goodwill have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/extrapolation of normal increase/steady terminal growth rate and appropriate discount rates that reflects current market assessments of time value of money . The management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

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

	As at March 31, 2019		As at March 31, 2018	
	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 [₹ 21,734 (March 31, 2018: ₹ 21,734)]	149	0.0	149	0.0
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 5,250,000 Rouble (March 31, 2018: 5,250,000 Rouble)	1	8.8	1	8.8
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)
		-		-

SUN PHARMA

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
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	35,128,078	3,318.5
Less: Impairment in value of investment		(1,737.8)		(1,737.8)
		1,580.7		1,580.7
		95,947.5		**95,947.5**
Preference shares - unquoted (At cost)				
Sun Pharma Holdings				
5% Optionally Convertible Preference Shares USD 1 each fully paid	1,265,593,148	79,960.2	1,365,593,148	86,278.2
		175,907.7		**182,225.7**
Aggregate amount of unquoted investments before impairment		179,199.7		185,517.7
Aggregate book value (carrying value) of quoted investments before impairment		3,318.5		3,318.5
Aggregate amount of impairment in value of investments		6,610.5		6,610.5
Aggregate amount of quoted investments at market value		746.5		1,429.7

NOTE : 6 INVESTMENTS (NON-CURRENT)

	As at March 31, 2019		As at March 31, 2018	
	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
		-		**400.0**
Other investments				
Investments in equity instruments				
Quoted				
Krebs Biochemicals and Industries Limited				
Shares of ₹ 10 each fully paid	1,050,000	120.2	1,050,000	172.3
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

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
Citron Ecopower Private Limited				
Shares of ₹ 10 each fully paid	-	-	500,500	5.0
Watsun Infrabuild Private Limited				
Shares of ₹ 10 each fully paid	110,832	1.1	-	-
		123.9		**179.9**
Investments in government securities				
Quoted				
7.86 % Government of Rajasthan UDAY 2019				
Bond of ₹ 1 each fully paid maturing June 23, 2019	-	-	27,400,000	27.1
8.01 % Government of Rajasthan UDAY 2020				
Bond of ₹ 1 each fully paid maturing June 23, 2020	27,400,000	27.1	27,400,000	27.2
7.62 % Government of Telangana UDAY 2026				
Bond of ₹ 1 each fully paid maturing March 7, 2026	100,000,000	98.4	100,000,000	96.5
7.98% Government of Telangana UDAY 2030				
Bond of ₹ 1 each fully paid maturing March 7, 2030	100,000,000	100.1	100,000,000	97.6
8.24 % Government of Tamil Nadu UDAY 2028				
Bond of ₹ 1 each fully paid maturing March 22, 2028	50,000,000	50.8	50,000,000	51.0
8.11 % Government of Chhattisgarh SDL 2028				
Bond of ₹ 1 each fully paid maturing January 31, 2028	200,000,000	202.2	-	-
8.29% Government of West Bengal SDL 2028				
Bond of ₹ 1 each fully paid maturing February 21, 2028	50,000,000	51.4	-	-
Unquoted				
National savings certificates		0.0		0.0
[₹ 10,000 (March 31, 2018: ₹ 10,000)]				
		530.0		**299.4**
		653.9		**879.3**
Aggregate book value (carrying value) of quoted investments		650.2		471.7
Aggregate amount of quoted investments at market value		650.2		471.7
Aggregate amount of unquoted investments before impairment		938.2		1,342.1
Aggregate amount of impairment in value of investments		934.5		934.5

NOTE : 7 LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Loans to employees / others		
Secured, considered good	3.1	10.2
Unsecured, considered good	6.9	24.0
	10.0	**34.2**

NOTE : 8 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Deposits	1.4	1.0
Security deposits (unsecured, considered good)	424.0	405.9
Derivatives not designated as hedges	120.7	82.8
	546.1	**489.7**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 9 DEFERRED TAX ASSETS (NET)

₹ in Million

	Opening balance April 01, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance March 31, 2019
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	(5,127.3)	(704.9)	-	(5,832.2)
Difference in carrying value and tax base of financial assets of investments	(34.7)	3.2	17.2	(14.3)
Derivatives designated as hedges	-	-	(187.0)	(187.0)
Other liabilities	-	(724.2)	-	(724.2)
Allowance for doubtful debts and advances	667.0	(65.4)	-	601.6
Expenses claimed for tax purpose on payment basis	393.4	18.1	(57.7)	353.8
Unabsorbed depreciation / carried forward losses	3,954.2	1,846.6	-	5,800.8
Other assets*	147.4	613.6	(759.5)	1.5
	-	**987.0**	**(987.0)**	-
MAT credit entitlement	7,517.0	-	-	7,517.0
	7,517.0	**987.0**	**(987.0)**	**7,517.0**

* includes tax on foreign currency translation reserve

₹ in Million

	As at March 31, 2019	As at March 31, 2018
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	81,976.0	88,814.5
Tax losses (Capital in nature)	743.5	743.5
Unabsorbed depreciation	37,767.1	30,539.7
Unused tax credits (MAT credit entitlement)	2,874.3	2,874.3
Deductible temporary differences	20,758.2	22,382.2
	144,119.1	**145,354.2**

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 : 10 INCOME TAX ASSETS (NET) (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Advance income tax *	21,101.2	20,742.4
Net of provisions ₹ 10,896.0 Million (March 31, 2018 : ₹ 10,896.0 Million)		
	21,101.2	**20,742.4**

* includes amount paid under protest

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

NOTE : 11 OTHER ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Capital advances	2,469.9	2,870.5
Prepaid expenses	5.0	18.0
Balances with government authorities *	1,023.2	1,057.3
Other assets	-	7.8
	3,498.1	**3,953.6**

* includes amount paid under protest

NOTE : 12 INVENTORIES

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Lower of cost and net realisable value		
Raw materials and packing materials	11,538.5	7,583.3
Goods in transit	40.8	128.9
	11,579.3	**7,712.2**
Work-in-progress	8,659.2	7,727.8
Finished goods	5,035.6	4,687.2
Stock-in-trade	2,212.7	979.5
Stores and spares	439.4	249.7
	27,926.2	**21,356.4**

(i) Inventory write downs are accounted, considering the nature of inventory, estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products. Write downs of inventories amounted to ₹ 9,154.5 Million (March 31, 2018: ₹ 8,767.9 Million). The changes in write downs are recognised as an expense in the statement of profit and loss.

(ii) The cost of inventories recognised as an expense is disclosed in Notes 32, 33 and 36 and as purchases of stock-in-trade in the statement of profit and loss.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 13 INVESTMENTS (CURRENT)

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
Investments in government securities				
Quoted				
7.75 % Government of Rajasthan UDAY 2018				
Bond of ₹ 1 each fully paid maturing June 23, 2018	-	-	27,400,000	26.9
7.86 % Government of Rajasthan UDAY 2019				
Bond of ₹ 1 each fully paid maturing June 23, 2019	27,400,000	26.9	-	-
Investments in mutual funds				
Unquoted *				
ICICI Prudential Mutual Fund - ICICI Prudential Liquid - Direct Plan - Growth	3,621,515	1,001.0	-	-
Kotak Mahindra Mutual Fund - Kotak Liquid Scheme Plan A - Direct Plan - Growth	119,010	450.4	-	-
Yes Asset Mangement (India) Limited - Yes Liquid Fund Direct Growth	986,315	1,001.2	-	-
BOI Axa Mutual Fund-BOI Axa Liquid Fund-Direct Plan-Growth	-	-	209,995	420.7
		2,479.5		**447.6**

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

NOTE : 14 TRADE RECEIVABLES

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good	50,314.7	52,714.4
Credit impaired	1,361.6	1,575.5
	51,676.3	**54,289.9**
Less : Allowance for doutful debts (expected credit loss allowance)	(1,361.6)	(1,575.5)
	50,314.7	**52,714.4**

NOTE : 15 CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In current accounts	3,023.3	1,091.3
In deposit accounts with original maturity less than 3 months	-	0.6
Cash on hand	4.3	2.4
	3,027.6	**1,094.3**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 16 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 15 ABOVE

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Deposit accounts	253.8	60.6
Earmarked balances with banks		
Unpaid dividend accounts	90.7	73.0
Balances held as margin money or security against guarantees and other commitments (*)	35.6	324.8
	380.1	**458.4**

* having original maturity of more than 12 months.

NOTE : 17 LOANS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Loans to employees / others*		
Secured, considered good	0.8	18.2
Unsecured, considered good	166.8	448.9
Credit impaired	4.5	4.5
Less : Allowance for doubtful loans (expected credit loss allowance)	(4.5)	(4.5)
	167.6	**467.1**
Loans to related parties (Refer Note 51 and 52)		
Unsecured, considered good	2,779.7	53.4
	2,947.3	**520.5**

*Loans have been granted for the purpose of their business.

NOTE : 18 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Interest accrued		
Considered good	16.0	9.9
Insurance claim receivables	0.1	-
Security deposits (unsecured, considered good)	34.2	14.7
Other receivables	186.3	184.3
Other receivables - from related parties (Refer Note 51)	7,552.7	2,432.1
Derivatives not designated as hedges	133.5	674.0
Derivatives designated as hedges	535.2	-
	8,458.0	**3,315.0**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 19 OTHER ASSETS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Export incentives receivable	3,347.8	2,701.0
Prepaid expenses	437.4	302.3
Advances for supply of goods and services		
Considered good	1,897.3	3,383.2
Considered doubtful	355.5	328.8
Less : Allowance for doubtful	(355.5)	(328.8)
	1,897.3	**3,383.2**
Balances with government authorities *	10,347.3	9,454.0
Other assets	134.5	5.0
	16,164.3	**15,845.5**

* includes balances of goods and service tax

NOTE : 20 SHARE CAPITAL

	As at March 31, 2019		As at March 31, 2018	
	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	2,399,334,970	2,399.3	2,399,323,180	2,399.3
	2,399,334,970	**2,399.3**	**2,399,323,180**	**2,399.3**

	Year ended March 31, 2019		Year ended March 31, 2018	
	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	**2,399,323,180**	**2,399.3**	**2,399,260,815**	**2,399.3**
Add : shares allotted to employees on exercise of employee stock option (excluding shares held by ESOP trust) (March 31, 2019: ₹ 11,790; March 31, 2018: ₹ 62,365)	11,790	0.0	62,365	0.0
Closing balance	2,399,334,970	2,399.3	2,399,323,180	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
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)
Closing balance	-	-	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

	As at March 31, 2019		As at March 31, 2018	
	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:				
Shanghvi Finance Private Limited #	959,772,578	40.0	282,603	0.0
Dilip Shantilal Shanghvi	230,285,690	9.6	230,285,690	9.6
Viditi Investment Private Limited #	-	-	200,846,362	8.4
Tejaskiran Pharmachem Industries Private Limited #	-	-	194,820,971	8.1
Family Investment Private Limited #	-	-	182,437,880	7.6
Quality Investments Private Limited #	-	-	182,379,237	7.6
Life Insurance Corporation Of India	141,217,558	5.9	145,302,877	6.1

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

Pursuant to Scheme of Amalgamation, Shanghvi Finance Private Limited ("SFPL"), who is a part of the Promoter Group of the Company, has w.e.f. October 23, 2018 acquired 959,489,975 Equity Shares of the Company representing 40.0% of the total paid-up equity share capital of the Company from 11 Transferor Companies namely 1) Viditi Investment Private Limited; 2) Tejaskiran Pharmachem Industries Private Limited; 3) Quality Investment Private Limited; 4) Family Investment Private Limited; 5) Virtuous Share Investments Private Limited; 6) Virtuous Finance Private Limited; 7) Sholapur Organics Private Limited; 8) Jeevanrekha Investrade Private Limited; 9) Package Investrade Private Limited; 10) Asawari Investment and Finance Private Limited; and 11) Nirmit Exports Private Limited. These transferor companies formed part of promoter group and collectively held the aforementioned equity shares of the Company.

(i) Nil (upto March 31, 2018: 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, 2018: 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, 2018: 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 were cancelled.

(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 49 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 21 OTHER EQUITY

₹ in Million

	As at March 31, 2019	As at March 31, 2018
A) Share application money spending allotment	-	-
B) Surplus		
Capital reserve	53,575.2	53,575.2
Securities premium	11,932.9	11,929.1
Share options outstanding account	-	-
Amalgamation reserve	43.8	43.8
Capital redemption reserve	7.5	7.5
General reserve	34,779.3	34,779.3
Retained earnings	123,846.1	120,370.0
	224,184.8	**220,704.9**
C) Items of other comprehensive income (OCI)		
Equity instrument through OCI	26.1	60.0
Debt instrument through OCI	(8.2)	(10.1)
Foreign currency translation reserve	1,485.9	72.0
Effective portion of cash flow hedges	348.2	-
	1,852.0	**121.9**
	226,036.8	**220,826.8**

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 - The amount received in excess of face value of the equity shares is recognised in securities premium. 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. It 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 option outstanding account.

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 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 reclassifed 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 will be reclassified to statement of profit or loss on derecognition of debt instrument.

Foreign currency translation reserve - Exchange differences relating to the translation of the results and the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to statement of profit or loss account on the disposal of the foreign operation. [Refer Note 56 (11)]

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 recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 22 BORROWINGS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Term loan from department of biotechnology (Refer Note 50)		
Secured	97.3	108.2
Term loans from banks (Refer Note 50)		
Unsecured	14,127.7	15,538.7
	14,225.0	**15,646.9**

NOTE : 23 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Interest accrued	10.2	9.1
	10.2	**9.1**

NOTE : 24 OTHER LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Deferred revenue	181.0	-
	181.0	**-**

NOTE : 25 PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Employee benefits	1,570.7	1,643.3
Others (Refer Note 53)	-	1,808.5
	1,570.7	**3,451.8**

NOTE : 26 BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand		
From Banks		
Unsecured	30,392.7	20,802.2
Loans from related party (Refer Note 51)		
Loans repayable on demand (Unsecured)	-	6,049.7
Other loans		
Commercial paper (Unsecured)	13,887.8	25,286.2
	44,280.5	**52,138.1**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 27 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt (Refer Note 50)	5,860.9	1,055.1
Interest accrued	84.2	40.0
Unpaid dividends	93.9	86.4
Security deposits	97.4	118.3
Payables on purchase of property, plant and equipment	592.8	1,150.1
Product settlement, claims, recall charges and trade commitments	30,126.9	16,027.2
Derivatives not designated as hedge	22.6	90.3
	36,878.7	**18,567.4**

NOTE : 28 OTHER LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Statutory remittances	1,724.0	2,282.8
Advance from customers	2,790.4	404.7
Deferred revenue	42.7	-
Others *	15.5	4.0
	4,572.6	**2,691.5**

* Includes government grant received from Biotechnology Industry Research Assistance Council (BIRAC).

NOTE : 29 PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Employee benefits	475.6	394.8
Provision in respect of losses of a subsidiary	2,399.9	2,125.9
Others (Refer Note 53)	22,561.8	24,006.8
	25,437.3	**26,527.5**

NOTE : 30 REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from contracts with customers [Refer Note 55, Note 56 (9) and 56 (12)]	97,832.9	87,744.1
Other operating revenues	5,199.2	2,318.4
	103,032.1	**90,062.5**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 31 OTHER INCOME

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on :		
Bank deposits at amortised cost	32.1	11.8
Loans at amortised cost	123.6	34.9
Investments in debt instruments at fair value through other comprehensive income	46.9	46.8
Other financial assets carried at amortised cost	527.1	246.8
Others (includes interest on income tax refund)	563.9	947.3
	1,293.6	**1,287.6**
Dividend income on investments		
Subsidiary	8,909.3	8,154.8
Others (March 31, 2019: ₹ 30,000; March 31, 2018: ₹ 24,000)	0.0	0.0
	8,909.3	**8,154.8**
Net gain arising on financial assets measured at fair value through profit or loss	2.0	0.7
Net gain on sale of financial assets measured at fair value through profit or loss	113.0	95.8
Net gain/(loss) on sale of financial assets measured at fair value through other comprehensive income	(0.1)	(15.1)
Gain on sale of investment in subsidiary	1,862.4	1,328.0
Sundry balances written back, net	35.6	142.0
Insurance claims	66.6	96.1
Lease rental and hire charges	47.1	183.0
Miscellaneous income	384.9	7.5
	12,714.4	**11,280.4**

NOTE : 32 COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Raw materials and packing materials		
Inventories at the beginning of the year	7,712.2	7,456.7
Purchases during the year	31,144.2	22,356.7
Inventories at the end of the year	(11,579.3)	(7,712.2)
	27,277.1	**22,101.2**

NOTE : 33 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year	13,394.5	14,987.1
Inventories at the end of the year	(15,907.5)	(13,394.5)
	(2,513.0)	**1,592.6**

NOTE : 34 EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	14,379.5	14,822.2
Contribution to provident and other funds *	973.5	1,042.0
Share based payments to employees	-	(1.0)
Staff welfare expenses	360.4	386.8
	15,713.4	**16,250.0**

* includes gratuity expense of ₹ 250.9 Million (March 31, 2018 : ₹ 331.8 Million)

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 35 FINANCE COSTS

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense for financial liabilities carried at amortised cost	3,335.2	2.956.7
Exchange differences regarded as an adjustment to borrowing costs	2,027.3	660.6
Unwinding of discounts on provisions	46.7	265.8
	5,409.2	**3,883.1**

NOTE : 36 OTHER EXPENSES

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of materials, stores and spare parts	4,362.8	4,704.5
Conversion and other manufacturing charges	2,467.8	1,999.1
Power and fuel	4,072.8	3,761.7
Rent	211.5	224.4
Rates and taxes	1,165.9	1,469.6
Insurance	538.2	514.0
Selling and distribution	3,746.5	3,261.1
Commission on sales	231.8	466.9
Repairs and maintenance	2,154.5	2,214.1
Printing and stationery	176.6	225.4
Travelling and conveyance	1,615.2	1,678.2
Freight outward and handling charges	2,481.3	1,781.0
Communication	277.7	278.2
Provision / write off / (reversal) for doubtful trade receivables / advances	(147.0)	(135.7)
Professional, legal and consultancy	4,546.2	4,751.5
Impairment in value of investment, net	-	(562.2)
Excise duty on sales	-	237.6
Donations	28.3	30.8
Loss on sale / write off of property, plant and equipment and intangible assets, net	341.0	63.7
(Decrease) / increase of excise duty on inventories	-	(235.9)
Net (gain) / loss on foreign currency transactions [includes exchange gain of ₹ 92.9 Million (Previous year exchange loss of ₹ 269.0 Million) in respect of provision for losses of a subsidiary]	2,130.4	(522.7)
Payments to auditor (net of input credit, wherever applicable)		
For audit	24.6	17.1
For other services	14.5	10.2
Reimbursement of expenses	1.7	1.6
Provision in respect of losses of a subsidiary	366.9	254.3
Miscellaneous expenses	2,214.3	1,832.5
	33,023.5	**28,321.0**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 37 RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE STATEMENT OF PROFIT AND LOSS

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	3,099.4	3,167.3
Contribution to provident and other funds	109.1	32.8
Staff welfare expenses	19.4	28.8
Consumption of materials, stores and spare parts	2,764.6	3,000.4
Power and fuel	286.4	288.4
Rent	55.0	62.2
Rates and taxes	772.9	155.7
Insurance	52.4	11.5
Repairs and maintenance	360.1	311.7
Printing and stationery	12.7	26.0
Travelling and conveyance	100.9	106.4
Communication	43.8	26.8
Professional, legal and consultancy	1,523.7	771.7
Loss on sale / write off of property, plant and equipment and intangible assets, net	-	4.8
Miscellaneous expenses	342.1	537.3
	9,542.5	**8,531.8**
Less :		
Receipts from research activities	490.9	517.5
Miscellaneous income	21.7	2.8
	9,029.9	**8,011.5**

NOTE : 38 TAX RECONCILIATION

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Reconciliation of tax expense		
Profit before tax	7,194.5	2,802.5
Income tax rate (%) applicable to the Company #	34.944%	34.608%
Income tax credit calculated at income tax rate	2,514.0	969.9
Effect of income that is exempt from tax	(1,664.9)	(3,281.8)
Effect of expenses that are not deductible	751.8	102.7
Effect of incremental deduction on account of research and development and other allowances	(2,859.7)	(1,576.6)
Withholding tax in respect of income earned outside India	15.5	20.2
Effect of current/deferred tax relating to merged entities	-	(26.4)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	271.8	3,538.1
Income tax expense recognised in statement of profit and loss	(971.5)	(253.9)

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (March 31, 2018 : 34.608%) at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

			As at March 31, 2019	As at March 31, 2018
i		**Contingent liabilities**		
	a	Claims against the Company not acknowledged as debts	608.9	592.7
	b	Liabilities disputed - appeals filed with respect to :		
		Income tax on account of disallowances / additions	40,670.7	47,107.7
		Sales tax on account of rebate / classification	118.9	122.5
		Excise duty / service tax on account of valuation / cenvat credit	1,019.0	1,055.0
		ESIC contribution on account of applicability	130.5	130.5
	c	Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Company	3,488.2	3,488.2
	d	Demand by JDGFT for import duty with respect to import alleged to be in excess of entitlement as per the advance license scheme	-	17.4
	e	Fine imposed for anti-competitive settlement agreement by European Commission	799.5	830.7
	f	Octroi demand on account of rate difference	171.0	171.0
	g	Other matters - state electricity board, Punjab Land Preservation Act related matters etc.	89.3	77.4
		Note : includes, interest till the date of demand, wherever applicable		
	h	Provident fund judgement by Hon'ble Supreme Court of India (SC) dated February 28, 2019 is being analysed by the Company. The Company has made a provision on prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity.		
	i	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. Some of the key matters are discussed below. Most of the legal proceedings involve complex issues, which are specific to the case and don't have precedents and hence for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings and the overall length and the discovery process ; the entitlement of the parties to an action to appeal a decision; the extent of the claims, including the size of any potential class, particularly when damages are not specified or are indeterminate; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation and any other factors that may have a material effect on the litigation. The Company makes it assessment of likely outcome, based on the views of internal legal counsel and in consultation with external legal counsel representing the Company. The Company also believes that disclosure of the amount sought by plaintiffs, would not be meaningful because historical evidence indicates that the amounts settled (if any) are significantly different than those claimed by plaintiff's. Some of the legal claims against the Company, if decided against the Company may result into significant impact on its results of operations of a given period during which the claim is settled. **Antitrust – Gx Drug Price Fixing:** Beginning in 2016, subsidiaries in United States of America (US subsidiaries) separately received a grand jury subpoena from the United States Department of Justice, Antitrust Division, seeking documents relating to corporate and employee records, generic pharmaceutical products and pricing, communications with competitors and others regarding the sale of generic pharmaceutical products, and certain other related matters. The subsidiaries are in the process of responding to the subpoenas. Certain current and former officers and employees in the Companies' respective commercial teams have also received related subpoenas. A similar subpoena was received by each subsidiary from the Connecticut Attorney General. US subsidiaries separately have received a Civil Investigative Demand from the U.S. Department of Justice pursuant to the False Claims Act seeking information relating to corporate and employee records, generic pharmaceutical products and pricing, communications and/ or agreements with competitors and others regarding the sale of generic pharmaceutical products, and certain other related matters. The subsidiaries are in the process of responding to the requests.		

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

₹ in Million

	As at March 31, 2019	As at March 31, 2018
US subsidiaries, and in the case of one complaint, a former member of one subsidiary's sales group, are defendants along with other pharmaceutical companies in a number of putative class action lawsuits and individual actions brought by purchasers and payors of several generic pharmaceutical products, as well as State Attorneys Generals, alleging a conspiracy with competitors to fix prices, rig bids, or allocate customers, and also an industry-wide conspiracy as to all generic pharmaceutical products. The cases have been or expected to be transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings. The Court has sequenced the lawsuits into separate groups for purposes of briefing motions to dismiss. Defendants filed motions to dismiss complaints in the first group. On October 16, 2018, the Court denied the motions with respect to the federal law claims. On February 15, 2019, the Court granted in part and denied in part the motions with respect to the state law claims. Certain cases are proceeding in discovery. **Antitrust – Modafinil:** The Company and its subsidiaries is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer in US, alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings. The Company has reached settlements with all but one plaintiff. **Antitrust – Lipitor:** The Company and its subsidiaries is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2008 patent settlement agreement with Pfizer concerning Atorvastatin. The cases have been transferred to the United States District Court for the District of New Jersey for coordinated proceedings. The cases are proceeding in discovery. **Antitrust – In re Ranbaxy Generic Drug Application Antitrust Litigation:** The Company and its subsidiaries is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws and the Racketeer Influenced and Corrupt Organizations Act, with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases have been transferred to the United States District Court for the District of Massachusetts for coordinated proceedings. The cases are proceeding in discovery.		
Note: Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
ii Commitments		
a Estimated amount of contracts remaining to be executed on capital account [net of advances]*.	4,767.5	3,977.9
b Uncalled liability on partly paid investments	0.5	0.5
c For derivatives related commitments refer Note 44		
d For non-cancellable lease related commitments refer Note 48		
e Letters of credit for imports	859.3	1,060.5
* The Company is committed to pay milestone payments and royalty on certain contracts, however, obligation to pay is contingent upon fulfillment of contractual obligation by parties to the contract.		
iii Guarantees given by the bankers on behalf of the Company	2,774.9	2,434.4

NOTE : 40 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue, net (excluding depreciation) (Refer Note 37)	9,029.9	8,011.5
Capital	590.9	1,591.0
	9,620.8	**9,602.5**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 41 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments / bonds - quoted	-	677.1	-
Equity instruments / preference shares / mutual fund - unquoted	2,456.3	-	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Loans to related parties	-	-	2,779.7
Loans to employees / others	-	-	177.6
Deposits	-	-	1.4
Security deposits	-	-	458.2
Trade receivables	-	-	50,314.7
Cash and cash equivalents	-	-	3,027.6
Bank balances other than cash and cash equivalents	-	-	380.1
Interest accrued	-	-	16.0
Insurance claim receivables	-	-	0.1
Other receivables	-	-	7,739.0
Derivatives designated as hedges	-	535.2	-
Mandatorily measured :			
Derivatives not designated as hedges	254.2	-	-
Total	**2,710.5**	**1,212.3**	**64,894.4**
Financial liabilities			
Borrowings	-	-	64,366.4
Interest accrued	-	-	94.4
Trade payables	-	-	21,549.2
Unpaid dividends	-	-	93.9
Security deposits	-	-	97.4
Payables on purchase of property, plant and equipment	-	-	592.8
Product settlement, claims, recall charges and trade commitments	-	-	30,126.9
Mandatorily measured :			
Derivatives not designated as hedges	22.6	-	-
Total	**22.6**	**-**	**116,921.0**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

₹ 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	-	-	1.0
Security deposits	-	-	420.6
Trade receivables	-	-	52,714.4
Cash and cash equivalents	-	-	1,094.3
Bank balances other than cash and cash equivalents	-	-	458.4
Interest accrued	-	-	9.9
Other receivables	-	-	2,616.4
Mandatorily measured :			
Derivatives not designated as hedges	756.8	-	-
Total	**1,585.1**	**498.6**	**57,869.7**
Financial liabilities			
Borrowings	-	-	68,840.1
Interest accrued	-	-	49.1
Trade payables	-	-	25,659.7
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	-	-
Total	**90.3**	**-**	**111,930.9**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 42 FAIR VALUE HIERARCHY

₹ in Million

	As at March 31, 2019		
	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 #	120.2	-	-
Investments in equity - unquoted	-	-	3.7
Investments in government securities	556.9	-	-
Investments in preference shares	-	-	-
Mutual funds	2,452.6	-	-
Derivatives not designated as hedges	-	254.2	-
Derivatives designated as hedges	-	535.2	-
Total	**3,129.7**	**789.4**	**3.7**
Financial liabilities			
Derivatives not designated as hedges	-	22.6	-
Total	-	**22.6**	-

₹ 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	-
Derivatives designated as hedges	-	-	-
Total	**919.3**	**756.8**	**407.6**
Financial liabilities			
Derivatives not designated as hedges	-	90.3	-
Total	-	**90.3**	-

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 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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, 2019	Year ended March 31, 2018
Unlisted shares valued at fair value		
Balance at the beginning of the year	407.6	402.6
Purchases	1.1	5.0
Issues	-	-
Disposal / settlements	(405.0)	-
Balance at the end of the year	**3.7**	**407.6**

NOTE : 43 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, bank balance (excluding earmarked balances with banks) 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.

(i) Debt equity ratio

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Debt (includes non-current, current borrowings and current maturities of long-term debt)	64,366.4	68,840.1
Less : cash and cash equivalents, bank balance (excluding earmarked balances with banks) and current investments	5,760.9	1,602.5
Net debt	**58,605.5**	**67,237.6**
Total equity, including reserves	228,436.1	223,226.1
Net debt to total equity ratio	25.7%	30.1%

(ii) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Dividend on equity shares		
Final dividend for the year ended March 31, 2018 of ₹ 2.0 (year ended March 31, 2017 : ₹ 3.5) per fully paid share	4,791.6	7,977.4
Dividend distribution tax on above	5.6	3.4
Dividends not recognised at the end of the reporting period		
The Board of Directors at it's meeting held on May 28, 2019 have recommended payment of final dividend of ₹ 2.75 per share of face value of ₹ 1 each for the year ended March 31, 2019. The same amounts to ₹ 6,598.2 Million.		
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

NOTE : 44 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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.

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, 2019	As at March 31, 2018
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	33,432.2	40,525.2
180 - 365 days	7,826.8	11,403.8
beyond 365 days	10,417.3	2,360.9
	51,676.3	**54,289.9**

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	1,575.5	1,209.7
Addition	181.1	636.5
Recoveries	(395.0)	(270.7)
Balance at the end of the year	**1,361.6**	**1,575.5**

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, 2018 : ₹ 4.5 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 ₹ 32,313.0 Million as on March 31, 2019, ₹ 41,769.0 Million as on March 31, 2018.

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, 2019
Non derivative				
Borrowings	50,276.2	12,479.3	1,781.4	64,536.9
Trade payables	21,549.2	-	-	21,549.2
Other financial liabilities	30,995.2	10.2	-	31,005.4
	102,820.6	**12,489.5**	**1,781.4**	**117,091.5**
Derivative				
Forward exchange contracts	22.6	-	-	22.6
	22.6	**-**	**-**	**22.6**

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

₹ 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	25,659.7	-	-	25,659.7
Other financial liabilities	17,422.0	9.1	-	17,431.1
	97,005.5	**12,994.6**	**2,672.9**	**112,673.0**
Derivative				
Forward exchange contracts	90.3	-	-	90.3
	90.3	**-**	**-**	**90.3**

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, other receivables, cash and cash equivalents, borrowings and trade payables

₹ in Million

	As at March 31, 2019					
	US Dollar	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	36,364.2	2,602.5	1,979.6	4,014.1	1,896.4	46,856.8
Cash and cash equivalents	2,078.4	712.1	28.2	-	11.7	2,830.4
Other receivables - from related parties	7,552.7	-	-	-	-	7,552.7
	45,995.3	**3,314.6**	**2,007.8**	**4,014.1**	**1,908.1**	**57,239.9**
Financial liabilities						
Borrowings	50,428.8	-	-	-	-	50,428.8
Trade payables	6,683.0	1,094.7	2.3	158.7	585.5	8,524.2
Product settlement, claims, recall charges and trade commitments	30,126.9	-	-	-	-	30,126.9
	87,238.7	**1,094.7**	**2.3**	**158.7**	**585.5**	**89,079.9**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2018					
	US Dollars	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	11,616.8	2,873.5	1,623.0	5,759.4	1,351.6	23,224.3
Cash and cash equivalents	171.0	91.8	40.0	-	15.5	318.3
Other receivables - from related parties	2,432.1	-	-	-	-	2,432.1
	14,219.9	**2,965.3**	**1,663.0**	**5,759.4**	**1,367.1**	**25,974.7**
Financial liabilities						
Borrowings	33,698.7	1,609.4	-	-	-	35,308.1
Trade payables	6,343.2	1,599.7	3.0	185.3	584.9	8,716.1
Product settlement, claims, recall charges and trade commitments	16,027.2	-	-	-	-	16,027.2
	56,069.1	**3,209.1**	**3.0**	**185.3**	**584.9**	**60,051.4**

b) Sensitivity

For the years ended March 31, 2019 and March 31, 2018, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would increase the Company's profit and increase the Company's equity by approximately ₹ 1,592.0 Million and ₹ 1,703.8 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 ₹ 535.2 Million for the year ended March 31, 2019 and gain of ₹ 26.6 Million for the year ended March 31, 2018 in other comprehensive income. The Company also recorded hedges as a component of revenue, loss of ₹ 117.4 Million for the year ended March 31, 2019 and ₹ Nil for the year ended March 31, 2018 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, 2019

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, 2019	As at March 31, 2018
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	INR	ZAR 480.0	-
Forward contracts	USD	Sell	INR	$ 120.5	-
Derivatives not designated as hedges					
Forward contracts	USD	Buy	INR	$ 27.3	$ 18.2
Forward contracts	AUD	Sell	USD	$ 7.4	$ 8.2
Forward contracts	RUB	Sell	USD	$ 4.5	$ 5.0
Forward contracts	GBP	Sell	USD	$ 4.9	$ 2.8
Forward contracts	EUR	Sell	USD	$ 9.8	-
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
Interest rate swaps (floating to fixed)	USD	Buy	INR	$ 50.0	$ 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, 2019 and March 31, 2018, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would increase the Company's profit by approximately ₹ 217.6 Million and ₹ 122.2 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, 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE : 45 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year	659.8	105.5
	(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	-	-
	659.8	**105.5**

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 46 EARNINGS PER SHARE

	As at March 31, 2019	As at March 31, 2018
Profit for the year (₹ in Million) - used as numerator for calculating earnings per share	8,166.0	3,056.4
Weighted average number of shares used in computing basic earnings per share (A)	2,399,326,681	2,399,296,653
Add : Dilution effect of employee stock option (B)	3,575	65,420
Weighted average number of shares used in computing diluted earnings per share (A + B)	2,399,330,257	2,399,362,073
Nominal value per share (in ₹)	1	1
Basic earnings per share (in ₹)	3.4	1.3
Diluted earnings per share (in ₹)	3.4	1.3

NOTE : 47 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 ₹ 702.9 Million (March 31, 2018 : ₹ 676.3 Million).

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to Provident Fund and Family Pension Fund	600.1	566.3
Contribution to Superannuation Fund	64.9	72.7
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	37.1	36.9
Contribution to Labour Welfare Fund	0.8	0.4

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 Gratuitiy 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 employement. 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 and decides its contribution. 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 and 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.

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

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 policy with corresponding (gain) / charge to the statement of profit and loss amounting to ₹ 275.6 Million [March 31, 2018 : ₹ (78.7) 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, 2019		Year ended March 31, 2018	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Expense recognised in the statement of profit and loss (Refer Note 34)				
Current service cost	-	245.2	-	266.8
Interest cost	67.7	196.8	66.0	196.5
Expected return on plan assets	-	(191.1)	-	(131.5)
Expense charged to the statement of profit and loss	67.7	250.9	66.0	331.8
Remeasurement of defined benefit obligation recognised in other comprehensive income				
Actuarial loss / (gain) on defined benefit obligation	64.9	(254.6)	(44.4)	(581.8)
Actuarial gain on plan assets	-	24.7	-	(38.1)
Expense/(income) charged to other comprehensive income	64.9	(229.9)	(44.4)	(619.9)
Reconciliation of defined benefit obligations				
Obligation as at the beginning of the year	903.7	2,625.8	969.5	2,885.3
Current service cost	-	245.2	-	266.8
Interest cost	67.7	196.8	66.0	196.5
Benefits paid	(87.0)	(250.8)	(87.4)	(141.0)
Actuarial (gains)/losses on obligations				
- due to change in demographic assumptions	-	(15.4)	-	(114.2)
- due to change in financial assumptions	35.7	(160.0)	(50.0)	(406.5)
- due to experience	29.2	(79.2)	5.6	(61.1)
Obligation as at the year end	949.3	2,562.4	903.7	2,625.8

₹ in Million

	As at March 31, 2019	As at March 31, 2018
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	2,562.4	2,625.8
Fair value of plan assets	(2,696.7)	(2,550.4)
Net (asset) / liability recognised in the financial statement	(134.3)	75.4

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of plan assets		
Plan assets as at the beginning of the year	2,550.4	1,930.7
Expected return	191.1	131.5
Actuarial gain	(24.7)	38.1
Employer's contribution during the year	230.7	591.1
Benefits paid	(250.8)	(141.0)
Plan assets as at the year end	2,696.7	2,550.4

	As at March 31, 2019		As at March 31, 2018	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Assumptions :				
Discount rate	7.10%	7.10%	7.50%	7.50%
Expected return on plan assets	N.A.	7.10%	N.A.	7.50%
Expected rate of salary increase	N.A.	10.00%	N.A.	11.65%
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)
Employee turnover	N.A.	15.80%	N.A.	15.00%
Retirement Age (years)	N.A.	60	N.A.	60

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2019		As at March 31, 2018	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity analysis:				
The sensitivity analysis have been determined based on method that extrapolates the impact on defined benefit obligation as a reasonable change in key assumptions occuring at the end of the reporting period				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	(76.3)	(122.0)	(68.2)	(113.6)
Delta effect of -1% change in discount rate	85.5	134.4	80.2	125.8
Delta effect of +1% change in salary escalation rate	-	130.0	-	119.8
Delta effect of -1% change in salary escalation rate	-	(120.5)	-	(110.5)
Delta effect of +1% change in rate of employee turnover	-	(17.9)	-	(28.9)
Delta effect of -1% change in rate of employee turnover	-	19.4	-	31.7
Maturity analysis of projected benefit obligation for next				
1st year	88.4	566.0	87.4	461.2
2nd year	87.5	353.5	100.3	292.4
3rd year	86.7	355.0	115.2	305.2
4th year	85.8	314.1	132.3	295.8
5th year	84.8	303.6	151.9	273.8
Thereafter	2,143.7	2,023.9	174.4	1,138.5
The major categories of plan assets are as under				
Central government securities	-	9.9	-	9.9
Bonds and securities of public sector / financial institutions	-	67.3	-	67.3
Insurer managed funds (Funded with LIC, break-up not available)	-	1,669.1	-	2,459.2
Surplus fund lying uninvested	-	950.4	-	14.0
The contribution expected to be made by the Company for gratuity, during financial year ending March 31, 2020 is ₹ 81.1 Million (Previous year : ₹ 241.1 Million)				

NOTE : 48 LEASES

(a) The Company has given certain premises and plant and equipment under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 10 years under leave and licence / lease and are renewable by mutual consent on mutually agreeable terms. The Company has received refundable interest free security deposits where applicable in accordance with the agreed terms. (b) The Company has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 10 years under leave and licence, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. These refundable security deposits have been valued at amortised cost under relevant Ind AS (c) Lease receipts / payments are recognised in the statement of profit and loss under "Lease rental and hire charges" and "Rent" in Note 31 and 36 respectively. The Company does not have any lease payment commitment in non cancellable leases.

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 49 EMPLOYEE SHARE-BASED PAYMENT PLANS

The Company operates employee stock option scheme namely, SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) for the grant of stock options to the eligible personnel. Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

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

	March 31, 2019			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	263,680	270.0-562.5	450.3	1.5
Exercised during the year $	(11,790)	270.0-562.5	324.9	-
Lapsed during the year	(93,151)	270.0-562.5	275.0	-
Outstanding at the end of the year *	158,739	562.5	562.5	0.9
Exercisable at the end of the year *	158,739	562.5	562.5	0.9

* Includes options exercised, pending allotment

$ Weighted average share price on the date of exercise ₹ 492.6

	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 ₹ 565.1

NOTE : 50 BORROWINGS

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

(I) Unsecured External Commercial Borrowings (ECBs) has 6 loans aggregating of USD 290 Million (March 31, 2018 : USD 256 Million) equivalent to ₹ 20,036.1 Million (March 31, 2018 : ₹ 16,622.1 Million). For the ECB loans outstanding as at March 31, 2019, the terms of repayment for borrowings are as follows:

(a) USD 10 Million (March 31, 2018 : USD 26 Million) equivalent to ₹ 690.9 Million (March 31, 2018 : ₹ 1,688.2 Million). The loan was taken in tranches of USD 16 Million on March 24, 2017 and USD 10 Million on June 30, 2017. The first installment of USD 16 Million has been repaid during the year ended March 31, 2019 and last installment of USD 10 Million is due on June 28, 2019.

(b) USD 50 Million (March 31, 2018 : USD 50 Million) equivalent to ₹ 3,454.5 Million (March 31, 2018 : ₹ 3,246.5 Million). The loan was taken on August 11, 2015 and is repayable on August 08, 2019.

(c) USD 30 Million (March 31, 2018 : USD 30 Million) equivalent to ₹ 2,072.7 Million (March 31, 2018 : ₹ 1947.9 Million). The loan was taken on September 08, 2017 and is repayable on September 07, 2020.

(d) USD 50 Million (March 31, 2018 : USD 50 Million) equivalent to ₹ 3,454.5 Million (March 31, 2018 : ₹ 3,246.5 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(e) USD 100 Million (March 31, 2018 : USD 100 Million) equivalent to ₹ 6,909.0 Million (March 31, 2018 : ₹ 6,493.0 Million). The loan was taken on June 04, 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

(f) USD 50 Million (March 31, 2018 : USD Nil) equivalent to ₹ 3,454.5 Million (March 31, 2018 : ₹ Nil). The loan was taken on October 03, 2018 and is repayable in 2 equal installments of USD 25 Million each. The first installment of USD 25 Million is due on October 01, 2021 and last installment of USD 25 Million is due on October 03, 2022.

(II) Secured term loan from department of biotechnology of ₹ 108.2 Million (March 31, 2018 : ₹ 108.2 Million) has been secured by hypothecation of movable 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.

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 (2.96% as at March 31, 2019) and secured loan from department of biotechnology have been availed at a range from 2% to 3%

NOTE : 51 RELATED PARTY DISCLOSURES (IND AS 24) AS PER ANNEXURE "A"

NOTE : 52 LOANS / ADVANCES GIVEN TO SUBSIDIARIES AND ASSOCIATES

₹ in Million

	As at March 31, 2019	Maximum balance March 31, 2019	As at March 31, 2018	Maximum balance March 31, 2018
Loans / advances outstanding from subsidiaries				
Sun Pharmaceutical Medicare Limited, India	2,575.0	2,575.0	-	-
Zenotech Laboratories Limited, India	204.6	258.0	53.4	53.4
Skisen Labs Private Limited, India	0.1	0.1	-	-
Faststone Mercantile Company Private Limited, India	-	253.4	-	-
Loans / advances outstanding from an associate				
Loans				
Interest bearing with specified payment schedule:				
Zenotech Laboratories Limited, India	-	-	-	726.9

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

NOTE : 53

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, 2019	Year ended March 31, 2018
	Product and Sales related *	Product and Sales related *
At the commencement of the year	25,815.3	24,997.0
Add: Transfer on merger [Refer Note 56 (11)]	-	2,272.6
Add: Provision for the year	1,006.8	770.6
Add: Unwinding of discounts on provisions	46.7	265.8
Add / (less): Foreign currency exchange fluctuation	1,417.3	29.8
Less: Utilisation / settlement/ reversal	(5,724.3)	(2,520.5)
At the end of the year	22,561.8	25,815.3

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

NOTE : 54 USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

a) Litigations [Refer Note 2 (2.2) (m) and Note 39]

b) Revenue [Refer Note 2(2.2)(n)]

NOTE : 55 REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115 "Revenue from contracts with customers" was issued on March 28, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018 which does not require restatement of comparative period. The Company elected to apply the standard to all contracts as at April 01, 2018. There is no impact to be recognised at the date of initial application as an adjustment to the opening balance of retained earnings.

The reconciling items of revenue recognised in the statement of profit and loss with the contracted price are as follows

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue as per contracted price, net of returns	118,830.5	116,294.3
Less :		
Provision for sales return	(643.1)	(569.7)
Rebates, discounts and price reduction	(20,354.5)	(27,980.5)
	(20,997.6)	**(28,550.2)**
Revenue from contracts with customers	**97,832.9**	**87,744.1**

Revenue from contract with customers include sales made to Aditya Medisales Limited amounting to ₹ 30,913.7 Million (March 31, 2018: ₹ 29,764.2 Million)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Contract balances		
Trade receivables	50,314.7	52,714.4
Contract assets	-	-
Contract liabilities	3,014.1	404.7

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

NOTE : 56

1 During year ended March 31, 2018, 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 "Business Combination", the Company had reversed impairment during year ended March 31, 2018 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

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

3 In respect of an antitrust litigation, relating to a product Modafinil, the Company and one of its wholly-owned subsidiaries had previously entered into settlements with certain plaintiffs (Apotex Corporation, Retailer Purchasers and end-payor plaintiffs) for an aggregate amount of USD 150.5 Million. The equivalent Indian rupee liability of ₹ 9,505.0 Million and ₹ 240.0 Million was provided in the books of account in year ended March 31, 2018. The amount of ₹ 9,505.0 Million was disclosed as an exceptional item.

During the current financial year, the Company has entered into settlement agreement with the Direct Purchaser Plaintiffs; while continuing to litigate as well as negotiate the case with the remaining one plaintiff. The Company has accounted for ₹ 12,143.8 Million towards the settlement agreement and a likely amount payable to remaining plaintiff in the antitrust litigation relating to the product Modafinil.

4 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. The Company has completed all the action items to address the US-FDA warning letter observations issued in May 2014. It is continuing to work closely and co-operatively with the US-FDA to resolve the matter for lifting the import alert. The contribution of this facility to Company's revenues is not significant.

5 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. The Company is continuing to fully co-operate and provide requisite information to the US DOJ.

6 In December 2015, the US-FDA issued a warning letter to the manufacturing facility at Halol. Post the November 2016 inspection, the US-FDA had re-inspected Halol facility and cleared the Halol site from the warning letter in June 2018. Since then, the US-FDA has started approval of products filed from Halol facility.

7 In September 2013, the US-FDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In March 2017, the US-FDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The Mohali facility continues to demonstrate sustainable cGMP compliance as required by the consent decree. The Company continues to manufacture and distribute products to the U.S from this facility.

8 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.

9 Post implementation of Goods and Service Tax ("GST") with effect from July 01, 2017, revenue from contracts with customers is disclosed net of GST. Revenue from contracts with customers for the previous year included excise duty which was subsumed in GST. Revenue from contracts with customers for the year ended March 31, 2018 includes excise duty for the period ended June 30, 2017. Accordingly, revenue from contracts with customers for the year ended March 31, 2019 are not comparable with year ended March 31, 2018.

10 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 08, 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")

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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. 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.

11 The Scheme of Arrangement between Sun Pharma Global FZE ("the Transferor"), and the Company ("the Scheme"), inter-alia envisaged merger of unbranded generic pharmaceutical undertaking of the transferor (Specified business) into the Company. The scheme was approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench on October 31, 2018 and became effective on December 01, 2018 upon completion of all the formalities.

Consequent to the amalgamation prescribed by the Scheme, all the assets and liabilities of the specified business 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 the specified business as on April 01, 2017 were transferred to the Company as per the Scheme.
As prescribed by the Scheme no consideration was paid as the transferor is a wholly owned subsidiary of the Company. Accordingly, the resultant difference between the book value of assets and liabilities taken-over as on the appointed date amounting to ₹ 17,450.8 Million is credited to capital reserve account. Also, any gain or loss on translation of assets and liabilities to functional currency (i.e. ₹) till the date of order has been credited or debited to foreign currency translation reserve.

12 The Company vide its press release dated January 22, 2019, had announced the transition of India domestic formulations distribution business from Aditya Medisales Limited (AML), to a wholly owned subsidiary of Sun Pharma Laboratories Limited. Accordingly, a new wholly owned subsidiary, Sun Pharma Distributors Limited (SPDL), was incorporated on March 19, 2019. The phased transition to SPDL will be completed post receipt of all requisite regulatory approvals. During the quarter ended March 31, 2019 , the Company pursuant to this decision has taken over its unsold inventory amounting to ₹ 3,380.6 Million from AML. The above-mentioned transition and change in distribution arrangement has led to one-time reduction in sales and consequent reduction in profit for the year ended on March 31, 2019. Pending receipt of regulatory approvals by SPDL in different jurisdictions for sale of pharmaceutical products, AML would act as an agent for the India domestic formulation business.

13 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof ₹ 39.4 Million (March 31, 2018: ₹ 27.0 Million).

14 The Board of Directors of the Company at its meeting held on May 25, 2018, had 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 w.e.f. April 01, 2017 of the specified investment undertaking 1 and 2 (as defined in the Scheme of Arrangement) of the Company. The scheme shall be effective post receipt of requisite approvals and accordingly, the standalone financial statements do not reflect the impact, if any, on account of the schemes.

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 28, 2019

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 28, 2019

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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

Names of related parties and description of relationships		
a	**Subsidiaries**	
	Green Eco Development Centre Limited	Mutual Pharmaceutical Company Inc.
	Sun Pharmaceutical (Bangladesh) Limited	Dungan Mutual Associates, LLC
	Sun Pharmaceutical Industries, Inc.	URL PharmPro, LLC
	Sun Farmaceutica Do Brasil Ltda.	2 Independence Way LLC
	Sun Pharma De Mexico S.A. DE C.V.	Universal Enterprises Private Limited
	SPIL De Mexico S.A. DE C.V.	Sun Pharma Switzerland Limited
	Sun Pharmaceutical Peru S.A.C.	Sun Pharma East Africa Limited
	OOO "Sun Pharmaceutical Industries" Limited	Pharmalucence, Inc.
	Sun Pharma De Venezuela, C.A.	PI Real Estate Ventures, LLC
	Sun Pharma Laboratories Limited	Sun Pharma ANZ Pty Ltd (formerly known as Ranbaxy Australia Pty Ltd)
	Faststone Mercantile Company Private Limited	Ranbaxy Farmaceutica Ltda.
	Neetnav Real Estate Private Limited	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)
	Realstone Multitrade Private Limited	Sun Pharma Egypt Limited LLC (Formerly Known as Ranbaxy Egypt Ltd)
	Skisen Labs Private Limited	Rexcel Egypt LLC
	Sun Pharma Holdings	Office Pharmaceutique Industriel Et Hospitalier
	Softdeal Trading Company Private Limited	Basics GmbH (Refer Footnote 8)
	Ranbaxy Pharmacie Generiques	Ranbaxy GmbH (Refer Footnote 8)
	Ranbaxy Drugs Limited (Refer Footnote 5)	Ranbaxy Ireland Limited
	Vidyut Investments Limited (Refer Footnote 5)	Ranbaxy Italia S.P.A.
	Gufic Pharma Limited (Refer Footnote 5)	Sun Pharmaceutical Industries S.A.C. (formerly known as Ranbaxy - PRP (Peru) S.A.C.)
	Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company) (Refer Footnote 5)	Ranbaxy (Poland) Sp. Z o.o.
	Ranbaxy (Malaysia) Sdn. Bhd.	Terapia SA
	Ranbaxy Nigeria Limited	AO Ranbaxy (formerly known as ZAO Ranbaxy)
	Sun Pharma (Netherlands) B.V. (Formerly known as Ranbaxy (Netherlands) B.V.)	Ranbaxy South Africa (Pty) Ltd.
	Foundation for Disease Elimination and Control of India	Ranbaxy Pharmaceutical (Pty) Ltd.
	Zenotech Laboratories Limited (Refer Footnote 6)	Be-Tabs Investments (Pty) Ltd. (Refer Footnote 3)
	Chattem Chemicals Inc.	Sonke Pharmaceuticals Proprietary Limited
	The Taro Development Corporation	Laboratorios Ranbaxy, S.L.U.
	Alkaloida Chemical Company Zrt.	Ranbaxy (U.K.) Limited
	Sun Pharmaceuticals UK Limited (Refer Footnote 3)	Ranbaxy Holdings (U.K.) Limited
	Sun Pharmaceutical Industries (Australia) Pty Limited	Ranbaxy Europe Limited (Refer Footnote 3)
	Aditya Acquisition Company Ltd.	Ranbaxy Inc.
	Sun Pharmaceutical Industries (Europe) B.V.	Ranbaxy Pharmaceuticals, Inc. (Refer Footnote 10)
	Sun Pharmaceuticals Italia S.R.L. (Refer Footnote 3)	Ranbaxy (Thailand) Company Limited
	Sun Pharmaceuticals Germany GmbH	Ohm Laboratories, Inc.
	Sun Pharmaceuticals France	Ranbaxy Laboratories, Inc. (Refer Footnote 10)
	Sun Pharma Global FZE	Ranbaxy Signature LLC
	Sun Pharmaceuticals (SA) (Pty) Ltd	Sun Pharmaceuticals Morocco LLC (formerly known as Ranbaxy Morocco LLC)
	Sun Global Canada Pty. Ltd.	"Ranbaxy Pharmaceuticals Ukraine" LLC
	Sun Pharma Philippines, Inc.	Insite Vision Incorporated
	Sun Pharmaceuticals Korea Ltd.	Insite Vision Ltd. (Refer Footnote 4)
	Sun Global Development FZE	Sun Pharmaceutical Medicare Limited
	Caraco Pharmaceuticals Private Limited	Ocular Technologies SARL (Refer Footnote 11)
	Sun Pharma Japan Ltd.	JSC Biosintez
	Sun Pharma Healthcare FZE	Sun Pharmaceuticals Holdings USA, Inc.
	Morley & Company, Inc.	Zenotech Laboratories Nigeria Limited (Refer Footnote 2)
	Sun Laboratories FZE	Zenotech Inc

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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

Names of related parties and description of relationships		
	Taro Pharmaceutical Industries Ltd. (TARO) (Refer Footnote 7)	Zenotech Farmaceutica Do Brasil Ltda (Refer Footnote 2)
	Taro Pharmaceuticals Inc. (Refer Footnote 9)	Sun Pharma Distributors Limited (Refer Footnote 1)
	Taro Pharmaceuticals U.S.A., Inc.	Pola Pharma Inc. (Refer Footnote 1)
	Taro Pharmaceuticals North America, Inc.	Kayaku Co., Ltd. (Refer Footnote 1)
	Taro Pharmaceuticals Europe B.V.	
	Taro Pharmaceuticals Ireland Limited (Refer Footnote 3)	
	Taro International Ltd.	
	Taro Pharmaceuticals (UK) Limited (Refer Footnote 3)	
	3 Skyline LLC	
	One Commerce Drive LLC	
	Taro Pharmaceutical Laboratories Inc	
	Taro Pharmaceuticals Canada, Ltd. (Refer Footnote 9)	
	Taro Pharmaceutical India Private Limited (Refer Footnote 4)	
	Alkaloida Sweden AB (Refer Footnote 3)	
	Dusa Pharmaceuticals, Inc.	
Names of related parties where there are transactions and description of relationships		
b	**Joint Ventures**	
	S & I Ophthalmic LLC (Refer Footnote 4)	
	Artes Biotechnology GmbH	
c	**Associate**	
	Zenotech Laboratories Limited (Refer Footnote 6)	
	Medinstill Development LLC	
d	**Key Managerial Personnel (KMP)**	
	Dilip S. Shanghvi	Managing Director
	Sudhir V. Valia	Wholetime Director
	Sailesh T. Desai	Wholetime Director
	Israel Makov	Chairman and Non- Executive Director
	Kalyansundaram Subramanian	Wholetime Director
e	**Relatives of Key Managerial Personnel**	
	Aalok Shanghvi	
	Vidhi Shanghvi	
f	**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	
	PV Power Technologies Private Limited	
	Asepco Solutions Private Limited	

Footnote

1 Incorporated / Acquired during the year
2 Incorporated / Acquired during the previous year
3 Dissolved / Liquidated during the year
4 Dissolved / Liquidated during the previous year
5 During previous year, 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 (10)]
6 Zenotech Laboratories Limited has cease to be an associate and has become subsidiary of Sun Pharmaceutical Industries Limited with effect from July 27, 2017 [Refer Note 56 (1)]
7 Holds voting power of 83.36% (beneficial ownership 76.54%) [March 31, 2018 : 83.21% (beneficial ownership 74.82%)]
8 Ranbaxy GmbH has been merged with Basics GmbH w.e.f April 01, 2018
9 Taro Pharmaceuticals Canada, Ltd. has been merged with Taro Pharmaceuticals Inc. w.e.f. April 01, 2018
10 Merged with Sun Pharmaceutical Industries Inc. in previous year
11 Merged with Sun Pharma Switzerland Limited in previous year

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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

(II) Detail of related party transaction during the year ended March 31, 2019:

₹ in Million

Type of Transaction	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of goods	**3,053.8**	**2,459.9**
Subsidiaries	2,902.7	2,310.4
Others	151.1	149.5
Purchase of property, plant and equipment	**129.8**	**684.9**
Subsidiaries	128.1	43.2
Associates	1.7	-
Others	-	641.7
Revenue from contracts with customers, net of returns	**72,036.8**	**69,121.0**
Subsidiaries	41,114.8	39,346.6
Others	30,922.0	29,774.4
Sale of property, plant and equipment	**302.4**	**22.0**
Subsidiaries	25.0	21.5
Others	277.4	0.5
Receiving of service	**1,130.9**	**1,215.7**
Subsidiaries	585.1	559.6
Joint ventures	29.3	40.9
Others	516.5	615.2
Reimbursement of expenses paid	**13,089.2**	**10,758.3**
Subsidiaries	13,080.9	10,693.4
Associates	-	5.7
Joint ventures	3.9	-
Others	4.4	59.2
Rendering of service	**2,944.1**	**769.2**
Subsidiaries(**)	2,839.4	590.9
Joint ventures	-	0.1
Others	104.7	178.2
Reimbursement of expenses received	**56.7**	**58.9**
Subsidiaries	6.1	16.8
Others	50.6	42.1
Purchase of investment	-	**855.0**
Subsidiaries	-	855.0
Loans / deposit given	**2,934.3**	-
Subsidiaries	2,934.3	-
Loans received back	**303.3**	**512.0**
Subsidiaries	303.3	512.0
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	**8,580.4**	**12,384.5**
Subsidiaries	8,580.4	12,384.5
Loan taken	**15,340.9**	**28,122.1**
Subsidiaries	15,340.9	28,122.1
Loan repaid	**21,390.6**	**22,655.1**
Subsidiaries	21,390.6	22,655.1
Interest on loans repaid	**383.7**	-
Subsidiaries	383.7	-
Dividend income on preference shares	**14.5**	**80.0**
Subsidiaries	14.5	80.0

Notes to the Standalone Financial Statements
for the year ended March 31, 2019

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

(II) Detail of related party transaction during the year ended March 31, 2019:

₹ in Million

Type of Transaction	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income on equity shares	**8,894.8**	**8,074.8**
Subsidiaries	8,894.8	8,074.8
Interest income	**613.7**	**257.7**
Subsidiaries	110.0	5.0
Associates	-	19.1
Others	503.7	233.6
Interest expense	**426.4**	**647.4**
Subsidiaries	426.4	647.4
Lease rental and hire charges	**40.5**	**26.6**
Subsidiaries	17.2	17.6
Others	23.3	9.0
Rent expense	**2.1**	**1.0**
Subsidiaries	2.1	1.0
Provision in respect of losses of a subsidiary	**366.9**	**254.3**
Subsidiaries	366.9	254.3
Provision for diminution in the value of Investment (net)	-	**(562.2)**
Subsidiaries	-	(562.2)
Provision for doubtful debt	**27.1**	**27.8**
Subsidiaries	27.1	27.8
Remuneration	**39.7**	**(2.9)**
Key managerial personnel (*)	14.6	(23.0)
Relatives of key managerial personnel	25.1	20.1

(**) Includes income recognised from profit sharing supply arrangements.

(*) 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 and 2016-17 in year ended March 31, 2018.

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

Balance outstanding as at the end of the year

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Receivables	**51,257.7**	**50,577.9**
Subsidiaries	49,277.3	47,083.8
Others	1,980.4	3,494.1
Payable	**5,411.3**	**5,771.9**
Subsidiaries	5,322.8	5,183.6
Joint Venture (March 31, 2019: ₹ 48,558)	0.0	-
Associates	-	-
Key managerial personnel	0.3	2.7
Relatives of key managerial personnel	0.9	0.8
Others	87.3	584.8
Loan taken	-	**6,049.7**
Subsidiaries	-	6,049.7
Loan given	**2,779.7**	**53.3**
Subsidiaries	2,779.7	53.3
Deposit given	**62.5**	**62.5**
Subsidiaries	62.5	62.5
Other liabilities	**30,126.9**	**14,892.1**
Subsidiaries	30,126.9	14,892.1
Advance from customers	**2,130.0**	**150.8**
Subsidiaries	2,130.0	147.3
Others	-	3.5
Advance (includes capital and supply of goods/services)	**511.5**	**213.0**
Subsidiaries	300.4	-
Associates	211.1	212.9
Others	-	0.1

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Sun Pharmaceutical Industries Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated Ind AS financial statements of Sun Pharmaceutical Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including Statement of other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the consolidated Ind AS financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Litigations (as described in note 40 of the consolidated Ind AS financial statements)	
The Group is involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to conduct of its business. The Group assesses the need to make provision or to disclose a contingent liability on a case-to-case basis considering the underlying facts of each litigation. The eventual outcome of the litigations is uncertain and estimation at balance sheet date involves extensive judgement of management including input from legal counsel due to complexity of each litigation. Adverse outcomes could significantly impact the Group's reported profit and balance sheet position.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification, evaluation of litigations, the recording / re-assessment of the related liabilities, provisions and disclosures. • Obtained a list of litigations from the Group's in-house legal counsel; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions.

Key audit matter	How our audit addressed the key audit matter
Considering the judgement involved in determining the need to make a provision or disclose as contingent liability, the matter is considered a key audit matter.	• Read legal confirmations from Group's external legal counsels in respect of material litigations and considered that in our assessment. • Read the disclosures related to provisions and contingent liabilities in the consolidated Ind AS financial statements to assess consistency with underlying documents.
Rebates, discounts, chargebacks, returns and other allowances (as described in note 54 of the consolidated Ind AS financial statements)	
The Group generates revenue across various geographies through commercial arrangements prevalent in those geographies. These commercial arrangements involve rebates, discounts, chargebacks, right to return and other allowances, which are deducted from the gross revenue to arrive at Revenue from Operations. These deductions involve significant judgement and estimation, in particular the accruals associated with the revenue transactions pertaining to the generics business of United States and is hence considered as a key audit matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Assessed and tested the design and operating effectiveness of the Group's controls over the completeness, recognition and measurement of accrual. • Obtained management's computations for accruals under respective contractual arrangements. • Evaluated the key assumptions used by the Group by comparing it with prior years. • Analysed the historical pattern of chargebacks, the inventory information and performed retrospective reviews in order to validate management's assumption. • Compared the assumptions in respect of rebates, discounts, allowances and returns to current payment trends.
Goodwill and other intangible assets (as described in note 3b and 48 of the consolidated Ind AS financial statements)	
The Group has significant intangible assets, comprising acquired trademarks, product intangibles and goodwill. The Group conducts an annual impairment testing of goodwill and intangible assets using discounted cash flow method. Significant judgements are used to estimate the recoverable amount of these intangible assets and goodwill. The determination of recoverable amounts involves use of several key assumptions, including estimates of future sales volume, and prices, operating costs, terminal value growth rates and the weighted average cost of capital (discount rate) and is hence considered as a key audit matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of management's controls in assessing the carrying value of goodwill and intangible assets. • Obtained the Group's computation of recoverable amount and tested the reasonableness of key assumptions, including profit and cash flow forecast, terminal values, potential product obsolescence and the discount rates. • Obtained and evaluated management's sensitivity analysis to ascertain the impact of changes in key assumptions and performed our own independent sensitivity calculations to quantify the downside impact to determination of recoverable amount.
Tax litigations and recognition of deferred tax assets (as described in note 40 and 51 of the consolidated Ind AS financial statements)	
The Group has significant tax litigations for which the Group assesses the outcome on a case-to-case basis considering the underlying facts of each tax litigation. Adverse outcomes could significantly impact the Group's reported profit and balance sheet position. The assessment of outcome of litigations involves significant judgement which is dependent on the facts of each case, supporting judicial precedents and legal opinions of external and internal legal counsels. Also, recognition of deferred tax assets is a key audit matter as the assessment of its recoverability within the allowed time frame involves significant estimate of the financial projections, availability of sufficient taxable income in the future and also involves significant judgements in the interpretation of tax regulations and tax positions adopted by the Group.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations/deferred tax and the recording and re-assessment of the related liabilities/assets and provisions and disclosures. • Engaged tax specialists, to evaluate management's assessment of the outcome of these litigations. • Our specialists considered legal precedence and other rulings in evaluating management's position on these tax litigations.

Key audit matter	How our audit addressed the key audit matter
	• Tested management's assumptions including forecasts and sensitivity analysis in respect of recoverability of deferred taxes on unabsorbed depreciation/carry forward losses. • Evaluated disclosures of the tax positions, tax loss carry forwards and tax litigations in the consolidated Ind AS financial statements.
Application of Ind AS 115 (as described in note 54 of the consolidated Ind AS financial statements)	
The Group adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 01, 2018. We focused on this area as the adoption of Ind AS-115 was a significant event that had a significant effect on the consolidated Ind AS financial statements of the Group requiring significant auditor attention.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of management's controls in assessing the change in accounting policies on account of implementation of new standards. • Assessed whether the adjustments to the respective account balances have been made in accordance with the requirements set out in the new standard. • Engaged Ind AS specialists, to evaluate management's assessment of the impact of Ind AS 115, including disclosures. • Evaluated the adequacy of financial statement disclosures, including disclosures of key assumptions and judgements.
Identification and disclosure of related parties (as described in note 75 of the consolidated Ind AS financial statements)	
The Group has related party transactions which include, amongst others, sale and purchase of goods/services to its associates, joint ventures and other related parties and lending and borrowing to its associates and joint ventures. We focused on identification and disclosure of related parties in accordance with relevant accounting standards as a key audit matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Obtained a list of related parties from the Group's management and traced the related parties to declarations given by directors, where applicable, and to note 75 of the consolidated Ind AS financial statements. • Read minutes of the meetings of the Board of Directors and Audit Committee. • Tested material creditors/debtors, loan outstanding/loans taken to evaluate existence of any related party relationships; tested transactions based on declarations of related party transactions given to the Board of Directors and Audit Committee. • Evaluated the disclosures in the consolidated Ind AS financial statements for compliance with Ind AS 24.
Transition of business from Aditya Medisales Limited (as described in note 64 of the consolidated Ind AS financial statements)	
The Group has announced transition of the Indian Domestic Formulation distribution business from Aditya Medisales Limited ("AML"), a related party, to a wholly owned subsidiary of the Group. As part of the transition, the Group has taken back its unsold inventory lying with AML as on March 31, 2019. We focused on this area considering that this was a significant event during the year and being a transaction with a related party.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of the controls over the accounting of this transaction. • Performed count of the physical inventory taken back from AML by the Group as at March 31, 2019 on a test check basis. • Tested the working for valuation of such inventory on a sample basis. • Traced the closing receivable balance with the confirmation received from AML. • Tested supporting workings and evidences related to accounting. • Evaluated the disclosures in the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and in doing so consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the 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 . The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

(a) We did not audit the financial statements and other financial information, in respect of 28 subsidiaries, whose Ind AS financial statements, without giving the effect to elimination of intra group transactions, include total assets of ₹ 594,405.9 million as at March 31, 2019, and total revenues of ₹ 211,955.5 million and net cash outflows of ₹ 28,919.5 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by management. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 14.6 million for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of 5 associates and joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 30 subsidiaries, whose financial statements and other financial information, without giving effect to elimination of intra group transactions, reflect total assets of ₹ 226,010.9 million as at March 31, 2019, and total revenues of ₹ 5,846.8 million and net cash outflows of ₹ 322.2 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer note 40 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) note 23 and 29 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit/loss in respect of its associates;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India, except a sum of ₹ 3.2 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 of Signature: Mumbai
Date: May 28, 2019

Annexure 1 to the Independent Auditors Report of even date on the Consolidated Ind AS 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")

In conjunction with our audit of the consolidated Ind AS financial statements of Sun Pharmaceutical Industries Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Sun Pharmaceutical Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these consolidated Ind AS 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 consolidated 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.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS 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 consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding 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.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to 1 subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

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

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

Place of Signature: Mumbai
Date: May 28, 2019

SUN PHARMA

Consolidated Balance Sheet
as at March 31, 2019

₹ in Million

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3a	100,274.2	91,590.3
(b) Capital work-in-progress		9,107.9	14,344.7
(c) Goodwill (Net)	48	59,557.7	56,067.1
(d) Other intangible assets	3b	58,533.5	40,869.1
(e) Intangible assets under development		5,003.6	10,306.9
(f) Investment in associates	4	2,163.4	2,748.6
(g) Investment in joint ventures	5	262.0	252.8
(h) Financial assets			
(i) Investments	6	37,092.7	27,521.1
(ii) Loans	7	170.4	22,424.7
(iii) Other financial assets	8	787.7	1,049.2
(i) Deferred tax assets (Net)	51	25,548.7	24,073.3
(j) Income tax assets (Net)	9	32,660.9	31,896.6
(k) Other non-current assets	10	5,083.5	5,660.1
Total non-current assets		**336,246.2**	**328,804.5**
(2) Current assets			
(a) Inventories	11	78,859.8	68,806.9
(b) Financial assets			
(i) Investments	12	39,507.2	40,906.2
(ii) Trade receivables	13	88,842.0	78,152.8
(iii) Cash and cash equivalents	14	70,623.0	79,253.7
(iv) Bank balances other than (iii) above	15	2,133.0	20,040.1
(v) Loans	16	3,093.5	914.3
(vi) Other financial assets	17	4,484.9	4,795.5
(c) Other current assets	18	23,148.5	23,489.5
Total current assets		**310,691.9**	**316,359.0**
TOTAL ASSETS		**646,938.1**	**645,163.5**

Consolidated Balance Sheet

as at March 31, 2019

₹ in Million

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	2,399.3	2,399.3
(b) Other equity	20	411,691.3	380,741.8
Equity attributable to the equity shareholders of the Company		**414,090.6**	**383,141.1**
Non-controlling interests	72	33,135.4	38,841.6
Total equity		**447,226.0**	**421,982.7**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	15,226.1	17,720.9
(ii) Other financial liabilities	22	30.6	316.5
(b) Provisions	23	4,303.9	4,044.6
(c) Deferred tax liabilities (Net)	51	1,042.8	2,189.6
(d) Other non-current liabilities	24	5,712.5	266.0
Total non-current liabilities		**26,315.9**	**24,537.6**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	83,707.6	79,797.0
(ii) Trade payables	26	41,478.7	47,662.0
(iii) Other financial liabilities	27	10,273.2	13,377.2
(b) Other current liabilities	28	7,344.0	5,382.1
(c) Provisions	29	29,323.3	51,096.6
(d) Current tax liabilities (Net)	30	1,269.4	1,328.3
Total current liabilities		**173,396.2**	**198,643.2**
Total liabilities		**199,712.1**	**223,180.8**
TOTAL EQUITY AND LIABILITIES		**646,938.1**	**645,163.5**

The accompanying notes are an integral part of the consolidated 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 28, 2019

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 28, 2019

SUN PHARMA

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

₹ in Million

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
(I) Revenue from operations	31	290,659.1	264,894.6
(II) Other income	32	10,254.9	8,387.6
(III) Total income (I+II)		**300,914.0**	**273,282.2**
(IV) Expenses			
Cost of materials consumed	33	57,827.0	44,626.0
Purchases of stock-in-trade		25,193.8	27,313.8
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(4,331.1)	2,307.0
Employee benefits expense	35	59,670.9	53,670.5
Finance costs	36	5,552.5	5,175.7
Depreciation and amortisation expense	3 (a & b)	17,532.5	14,998.4
Other expenses	37	89,222.6	80,896.0
Total expenses (IV)		**250,668.2**	**228,987.4**
(V) Profit before exceptional items and tax (III-IV)		50,245.8	44,294.8
(VI) Exceptional items	62	12,143.8	9,505.0
(VII) Profit before tax (V-VI)		**38,102.0**	**34,789.8**
(VIII) Tax expense			
Current tax		8,039.6	6,628.0
Deferred tax			
a) Deferred tax credit		(2,030.8)	(62.1)
b) Deferred tax charge/(credit) - exceptional	74	-	2,544.5
Total tax expense (VIII)	50	**6,008.8**	**9,110.4**
(IX) Profit for the year before share of profit/(loss) of associates and joint ventures (VII-VIII)		32,093.2	25,679.4
(X) Share of profit/(loss) of associates (net of tax)		(7.1)	(246.6)
(XI) Share of profit/(loss) of joint ventures (net of tax)		(7.5)	(7.8)
(XII) Profit for the year before non-controlling interests (IX+X+XI)		**32,078.6**	**25,425.0**
(XIII) Non-controlling interests	72	5,424.4	4,468.0
(XIV) Profit for the year attributable to owners of the Company (XII-XIII)		**26,654.2**	**20,957.0**
(XV) Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(a) Gain/(loss) on re-measurements of the defined benefit plans		231.0	782.7
Income tax on above		(80.7)	(274.8)
		150.3	**507.9**
(b) Gain/(loss) on equity instruments through other comprehensive income		8.6	1,288.3
Income tax on above		18.2	(23.2)
		26.8	**1,265.1**
Total (A)		**177.1**	**1,773.0**

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

₹ in Million

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
(B) Items that may be reclassified to profit or loss			
(a) Gain/(loss) on debt instruments through other comprehensive income		105.2	(98.3)
Income tax on above		(4.0)	8.7
		101.2	**(89.6)**
(b) Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		539.0	(75.7)
Income tax on above		(180.6)	-
		358.4	**(75.7)**
(c) Exchange differences in translating the financial statements of foreign operations		19,972.5	4,025.7
Income tax on above		(759.5)	-
		19,213.0	**4,025.7**
(d) Exchange differences on translation of net investment in foreign operations		(3,049.8)	(400.9)
Total (B)		**16,622.8**	**3,459.5**
(XV) Total other comprehensive income (A + B)		**16,799.9**	**5,232.5**
(XVI) Total comprehensive income for the year (XII+XV)		**48,878.5**	**30,657.5**
Other comprehensive income for the year attributable to:			
- Owners of the Company		15,399.9	4,754.8
- Non-controlling interests		1,400.0	477.7
Total comprehensive income for the year attributable to:			
- Owners of the Company		42,054.1	25,711.8
- Non-controlling interests		6,824.4	4,945.7
Earnings per equity share (face value per equity share - ₹ 1)	**52**		
Basic (in ₹)		11.1	8.7
Diluted (in ₹)		11.1	8.7

The accompanying notes are an integral part of the consolidated 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 28, 2019

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 28, 2019

Consolidated Statement of Changes in Equity
for the year ended March 31, 2019

₹ in Million

Particulars	Equity share capital	Reserves and surplus										Other comprehensive income (OCI)				Attributable to owners of Parent Company	Non-controlling interests	Total
		Share application money pending allotment	Capital reserve	Securities premium	Debenture redemption reserve	Share option outstanding account	Amalgamation reserve	Capital redemption reserve	Legal reserve	General reserve	Retained earnings	Debt instrument through OCI	Equity instrument through OCI	Foreign currency translation reserve	Effective portion of cash flow hedges			
Balance as at March 31, 2017	2,399.3	# 0.0	507.5	11,894.6	2,083.4	26.4	43.8	7.5	1.1	35,578.0	309,250.9	(3.4)	339.7	7,015.7	46.2	369,190.7	37,908.6	407,099.3
Profit for the year	-	-	-	-	-	-	-	-	-	-	20,957.0	-	-	-	-	20,957.0	4,468.0	25,425.0
Exchange difference arising on translation of foreign operations/ net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	3,104.4	-	3,104.4	520.4	3,624.8
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	-	-	* 507.7	(90.5)	1,308.9	-	(75.7)	1,650.4	(42.7)	1,607.7
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	21,464.7	(90.5)	1,308.9	3,104.4	(75.7)	25,711.8	4,945.7	30,657.5
Payment of dividend	-	-	-	-	-	-	-	-	-	-	(7,977.4)	-	-	-	-	(7,977.4)	(152.8)	(8,130.2)
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	(1,624.0)	-	-	-	-	(1,624.0)	-	(1,624.0)
Recognition of share-based payments to employees	-	-	-	-	-	(1.0)	-	-	-	-	-	-	-	-	-	(1.0)	-	(1.0)
Issue of equity shares	@ 0.0	(0.0)	-	9.1	-	-	-	-	-	-	-	-	-	-	-	9.1	-	9.1
Transfer from debenture redemption reserve	-	-	-	-	(833.4)	-	-	-	-	-	833.4	-	-	-	-	-	-	-
Buy-back of equity shares by overseas subsidiaries company	-	-	-	-	-	-	-	-	-	-	(2,168.1)	-	-	-	-	(2,168.1)	(4,586.4)	(6,754.5)
Additional non-controlling interest arising on the acquisition of Zenotech	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	726.5	726.5
Transfer from surplus in consolidated statement of profit and loss as per the local law of an overseas subsidiary	-	-	-	-	-	-	-	-	2.5	-	(2.5)	-	-	-	-	-	-	-
Transfer on exercise of share options	-	-	-	25.4	-	(25.4)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	2,399.3	-	507.5	11,929.1	1,250.0	-	43.8	7.5	3.6	35,578.0	319,777.0	(93.9)	1,648.6	10,120.1	(29.5)	383,141.1	38,841.6	421,982.7

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

₹ in Million

Particulars	Equity share capital	Reserves and surplus										Other comprehensive income (OCI)				Attributable to owners of Parent Company	Non-controlling interests	Total
		Share application money pending allotment	Capital reserve	Securities premium	Debenture redemption reserve	Share option outstanding account	Amalgamation reserve	Capital redemption reserve	Legal reserve	General reserve	Retained earnings	Debt instrument through OCI	Equity instrument through OCI	Foreign currency translation reserve	Effective portion of cash flow hedges			
Profit for the year	-	-	-	-	-	-	-	-	-	-	26,654.2	-	-	-	-	26,654.2	5,424.4	32,078.6
Exchange difference arising on translation of foreign operations/ net investment in foreign operations, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	14,816.6	-	14,816.6	1,346.6	16,163.2
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	-	-	* 150.2	82.7	(15.7)	-	366.1	583.3	53.4	636.7
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	26,804.4	82.7	(15.7)	14,816.6	366.1	42,054.1	6,824.4	48,878.5
Payment of dividend	-	-	-	-	-	-	-	-	-	-	(4,791.6)	-	-	-	-	(4,791.6)	(8,455.5)	(13,247.1)
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	(984.9)	-	-	-	-	(984.9)	-	(984.9)
On acquisition of subsidiary (Refer note 76)	-	-	3,174.2	-	-	-	-	-	-	-	-	-	-	-	-	3,174.2	-	3,174.2
Transfer from debenture redemption reserve	-	-	-	-	(1,250.0)	-	-	-	-	-	1,250.0	-	-	-	-	-	-	-
Buy-back / purchase of equity shares by overseas subsidiaries company	-	-	-	-	-	-	-	-	-	-	(2,013.1)	-	-	-	-	(2,013.1)	(4,075.1)	(6,088.2)
Adjustment on account of Ind AS 115	-	-	-	-	-	-	-	-	-	-	(6,493.0)	-	-	-	-	(6,493.0)	-	(6,493.0)
Transfer from surplus in consolidated statement of profit and loss as per the local law of an overseas subsidiary	-	-	-	-	-	-	-	-	203.9	43.0	(246.9)	-	-	-	-	-	-	-
Issue of equity shares	^ 0.0	-	-	3.8	-	-	-	-	-	-	-	-	-	-	-	3.8	-	3.8
Balance as at March 31, 2019	2,399.3	-	3,681.7	11,932.9	-	-	43.8	7.5	207.5	35,621.0	333,301.9	(11.2)	1,632.9	24,936.7	336.6	414,090.6	33,135.4	447,226.0

* Represents re-measurements of the defined benefit plans

\# (March 31, 2017 : ₹ 7,177)

@ (March 31, 2018 : ₹ 62,365)

^ (March 31, 2019 : ₹ 11,790)

The accompanying notes are an integral part of the consolidated 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 28, 2019

C. S. MURALIDHARAN
Chief Financial Officer

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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 28, 2019

Consolidated Cash Flow Statement
for the year ended March 31, 2019

₹ in Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	38,102.0	34,789.8
Adjustments for:		
Depreciation and amortisation expense	17,532.5	14,998.4
Impairment of property, plant and equipment, goodwill and other intangible assets	12.9	26.7
Loss on sale / write off of property, plant and equipment and other intangible assets, net	665.6	201.6
Finance costs	5,552.5	5,175.7
Interest income	(6,692.1)	(5,197.6)
Dividend income on investments	(223.8)	(371.6)
Net (gain) / loss arising on financial assets measured at fair value through profit or loss	(1,433.6)	(1,236.6)
Net gain on sale of financial assets measured at fair value through profit or loss	(180.3)	(234.0)
Net loss on sale of financial assets measured at fair value through other comprehensive income	0.1	7.5
Provision / write off / (reversal) for doubtful trade receivables / advances	(339.4)	1,095.9
Sundry balances written back, net	(64.5)	(170.6)
Income recognised in respect of share based payments to employees	-	(1.0)
Impairment in value of investments, net	-	(725.7)
Effect of exchange rate changes	4,856.7	253.5
Operating profit before working capital changes	**57,788.6**	**48,612.0**
Movements in working capital:		
(Increase) / Decrease in inventories	(7,090.0)	(40.0)
(Increase) / Decrease in trade receivables	(8,578.4)	(7,730.1)
(Increase) / Decrease in other assets	993.7	(1,163.3)
Increase / (Decrease) in trade payables	(8,544.6)	3,830.4
Increase / (Decrease) in other liabilities	137.2	(217.4)
Increase / (Decrease) in provisions	(3,877.9)	3,197.3
Cash generated from operations	**30,828.6**	**46,488.9**
Income tax paid (net of refund)	(8,864.1)	(7,417.4)
Net cash generated from operating activities (A)	**21,964.5**	**39,071.5**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment (including capital work-in-progress, other intangible assets and intangible assets under development)	(32,128.2)	(19,607.8)
Proceeds from disposal of property, plant and equipment and other intangible assets	504.7	664.9
Loans / inter corporate deposits		
Given / placed	(783.3)	(25,847.2)
Received back / matured	1,230.7	13,230.0
Purchase of investments	(353,957.3)	(405,866.8)
Proceeds from sale of investments	352,070.3	349,923.7
Bank balances not considered as cash and cash equivalents		
Fixed deposits / margin money placed	(4,486.1)	(16,812.3)
Fixed deposits / margin money matured	23,897.5	65,987.1
Net cash outflow on acquisition of subsidiary (Refer note 76)	(228.0)	(855.0)
Interest received	6,843.4	5,103.7
Dividend received	223.8	371.6
Net cash used in investing activities (B)	**(6,812.5)**	**(33,708.1)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	176,975.2	122,061.7
Repayment of borrowings	(168,073.7)	(127,811.2)
Payment for buy-back of equity shares of parent and buy-back of equity shares held by non-controlling interests of subsidiaries	(6,088.2)	(6,754.5)
Dividend payment to non-controlling interests	(8,455.5)	(152.8)
Net increase / (decrease) in working capital demand loans	(11,273.5)	11,625.7
Proceeds from issue of equity shares on exercise of stock options / share application money received	3.8	9.1

Consolidated Cash Flow Statement
for the year ended March 31, 2019

₹ in Million

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Finance costs	(4,606.6)	(4,765.2)
Dividend paid	(4,801.8)	(7,981.4)
Dividend distribution tax	(984.9)	(1,624.0)
Net cash used in financing activities (C)	**(27,305.2)**	**(15,392.6)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(12,153.2)**	**(10,029.2)**
Cash and cash equivalents at the beginning of the year	79,064.5	86,423.6
Cash and cash equivalents taken over on acquisition of subsidiary (Refer note 76)	455.2	1,197.3
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	3,256.5	1,472.8
Cash and cash equivalents at the end of the year	**70,623.0**	**79,064.5**

Notes:

Cash and cash equivalents comprises of

₹ in Million

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In current accounts	33,540.6	55,137.3
In deposit accounts with original maturity less than 3 months	36,308.9	24,099.3
Cheques, drafts on hand	764.3	10.6
Cash on hand	9.2	6.5
Cash and cash equivalents (Refer note 14)	**70,623.0**	**79,253.7**
Less:- cash credit facilities included under loans repayable on demand in note 25	-	189.2
Cash and cash equivalents in cash flow statement	**70,623.0**	**79,064.5**

Change in financial liability/ asset arising from financing activities

₹ in Million

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Borrowings	Derivatives	Borrowings	Derivatives
Opening balance	103,852.7	754.1	98,317.7	1,210.0
Changes from financing cash flows	(2,372.0)	(827.8)	5,876.2	(518.0)
The effect of changes in foreign exchange rates	3,300.1	73.7	180.5	(32.1)
Other Changes	362.8	-	(521.7)	-
Changes in fair value	-	94.8	-	94.2
Closing balance	**105,143.6**	**94.8**	**103,852.7**	**754.1**

The accompanying notes are an integral part of the consolidated 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 28, 2019

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

DILIP S. SHANGHVI
Managing Director

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Chief Financial Officer

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Wholetime Director

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Wholetime Director
Mumbai, May 28, 2019

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

NOTE : 1 GENERAL INFORMATION

Sun Pharmaceutical Industries Limited ("the Parent Company") is a public limited company incorporated and domiciled in India, having its 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 Parent Company and its subsidiaries (hereinafter referred to as "the Company" or "the Group") have various manufacturing locations spread across the world with trading and other incidental and related activities extending to the global markets.

The consolidated financial statement were authorised for issue in accordance with a resolution of the directors on May 28, 2019.

NOTE : 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Group has prepared its consolidated financial statements for the year ended March 31, 2019 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, 2018.

2.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis, except for: (i) certain financial instruments that are measured at fair values at the end of each reporting period; (ii) Non-current assets classified as held for sale which are measured at the lower of their carrying amount and fair value less costs to sell; (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 consolidated 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 Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as disclosed in Note 39. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances, transactions including unrealised gain / loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investment in Associates and Joint Ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed off the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

b. **Current vs. Non-current**

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

The Group 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 Group has identified twelve months as its operating cycle.

c. **Business combinations**

The Group uses the acquisition method of accounting to account for business combinations that occurred on or after April 01, 2015. The acquisition date is generally the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

d. Foreign currency

Foreign currency transactions

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings (see note 2.2.s).
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.2.j below for hedging accounting policies).
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and presented within equity as a part of Foreign Currency Translation Reserve. On disposal of the foreign operation, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

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.

Foreign operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of Group's foreign operations, are translated to the Indian Rupees at exchange rates at the end of each reporting period. The income and expenses of such foreign operations are translated at the average exchange rates for the period. Resulting foreign currency differences are recognised in other comprehensive income and presented within equity as part of Foreign Currency Translation Reserve (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed off, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

e. Segment reporting

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

f. Property, plant and equipment

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

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

The estimated useful lives are as follows:

Asset Category	No. of years
Leasehold land	50-196
Leasehold improvements	3-10
Buildings including factory buildings*	5-100
Plant and equipment*	2-25
Vehicles*	3-15
Office equipment*	2-21
Furniture and fixtures*	2-17

*Includes assets taken/given under operating/finance lease

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.

g. Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Group's share of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a cash-generating unit to which goodwill is allocated, the goodwill associated with the disposed cash-generating unit is included in the carrying amount of the cash-generating unit when determining the gain or loss on disposal.

Other intangible assets

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

- the Group 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 Group'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 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 3 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.

h. Impairment of non-financial assets other than goodwill

The carrying amounts of the Group'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 first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

In respect of assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i. **Non-current assets held for sale**

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed off is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale.

Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

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

j. **Financial instruments**

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

Financial assets

Initial recognition and measurement

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

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

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses 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 Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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 and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

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

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

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

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

Impairment of financial assets
In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Trade receivables or any contractual right to receive cash or

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

another financial asset that result from transactions that are within the scope of Ind AS 115.

The Group follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound financial instruments

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

Initial recognition and measurement

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

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 either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative 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 consolidated statement of profit or loss.

Financial liabilities subsequently measured at amortised cost

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

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

At the inception of a hedge relationship, the Group formally designates and documents the

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

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

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

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

(iii) Net Investment Hedge

The group designates certain foreign currency liability as hedge against certain net investment in foreign subsidiaries. Hedges of net investments in foreign operations are accounted similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and held in foreign currency translation reserve ('FCTR')- a component of equity. The ineffective portion of the gain or loss on these hedges is immediately recognised in the consolidated statement of profit and loss. The amounts accumulated in equity are included in the consolidated statement of profit and loss when the foreign operation is disposed or partially disposed.

Treasury shares

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

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

Dividend distribution to equity holders of the Parent

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

k. Leases

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

Group as a lessee

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased assets or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

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. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Group as a lessor

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

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

l. Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade, 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 their 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.

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.

m. Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flow, 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.

n. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. 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 consolidated 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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

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

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

Contingent liabilities and contingent assets
Contingent liability is disclosed for,

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

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

Contingent assets are not recognised in the consolidated financial statements.

o. Revenue

Sale of goods
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, since it is the primary obligor in all of its revenue arrangement, as it has pricing latitude and is exposed to inventory and credit risks. Revenue is stated net of goods and service tax and net of returns, chargebacks, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). The Group estimates variable consideration at contract inception until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales returns
The Group 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 Group's estimate of expected sales returns. With respect to established products, the Group 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 Group's business and markets. With respect to new products introduced by the Group, such products have historically been either extensions of an existing line of product where the Group has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.
If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

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 Group and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

p. **Dividend and interest income**

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

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

q. **Government grants**

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

r. **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 benefits expense in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to profit or loss.

Termination benefits

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

Short-term and Other long-term employee benefits

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.

The Group 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 consolidated statement of profit and loss and are not deferred.

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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

Defined contribution plans
The Group's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions. The Group 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 Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

s. **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 includes 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.

t. **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 consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for the temporary differences that arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and taxable temporary differences arising upon the initial recognition of goodwill.

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

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

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

u. **Earnings per share**
The Parent Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

attributable to equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

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

v. **Recent Accounting pronouncements**

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

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 introducing /amending the following standards:

Ind AS 116, Leases

Ind AS 116 Leases has been notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after April 01, 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Group is evaluating the requirements of the standard and its effect on the consolidated financial statements.

Ind AS 12 – Income taxes (amendments relating uncertainty over income tax treatments)

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group is evaluating the requirements of the standard and its effect on the consolidated financial statements.

Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

or after April 01, 2019. The Group is evaluating the requirements of the standard and its effect on the consolidated financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The group is evaluating the impact if any on its consolidated financial statements.

Annual amendments to Ind AS

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group is evaluating the impact if any on its consolidated financial statements.

Ind AS 12: Income Taxes (amendments relating to income tax consequences of dividend)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The Group is evaluating the impact if any on its consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

NOTE : 3a PROPERTY, PLANT AND EQUIPMENT

₹ in Million

	Freehold land	Lease-hold land	Buildings	Buildings taken under finance lease*	Lease-hold improve-ment on building	Buildings given under operating lease *	Plant and equip-ment	Plant and equip-ment given under operating lease *	Plant and equip-ment taken under finance lease *	Furniture and fixtures	Furniture and Fixtures given under operating lease *	Furniture and fixtures given under finance lease *	Vehicles	Vehicles taken under finance lease *	Office equip-ment	Office equip-ment taken under finance lease *	Total
At cost or deemed cost																	
As at April 01, 2017	2,902.9	1,846.2	44,835.0	1,567.4	248.5	772.1	75,542.9	20.8	-	3,486.0	0.4	-	1,074.7	-	1,697.3	-	133,994.2
Consolidation adjustments	61.2	1.8	334.2	248.0	(248.5)	-	665.9	-	-	46.7	-	1.9	11.7	6.3	54.3	-	1,183.5
Taken over on acquisition	387.5	-	392.2	-	-	-	733.3	-	-	13.7	-	-	7.7	-	1.0	-	1,535.4
Additions	113.1	-	3,586.8	0.1	-	-	11,247.9	0.3	-	212.6	-	0.8	137.3	715.1	216.6	-	16,230.6
Disposals	(81.0)	-	(2,192.5)	(770.3)	-	-	(977.2)	-	-	(29.0)	-	-	(108.4)	-	(20.8)	-	(4,179.2)
As at March 31, 2018	**3,383.7**	**1,848.0**	**46,955.7**	**1,045.2**	**-**	**772.1**	**87,212.8**	**21.1**	**-**	**3,730.0**	**0.4**	**2.7**	**1,123.0**	**721.4**	**1,948.4**	**-**	**148,764.5**
Consolidation adjustments	(46.8)	73.4	1,306.7	72.4	-	(274.5)	1,325.9	1.4	(0.2)	54.3	-	-	0.8	36.0	34.3	(2.9)	2,580.8
Taken over on acquisition ^	780.8	-	1,886.9	-	-	-	1,694.1	-	-	-	-	-	-	-	-	113.0	4,474.8
Additions	106.5	434.1	3,149.0	-	-	21.6	12,059.4	-	8.5	300.0	-	-	145.0	704.4	340.5	-	17,269.0
Disposals	(72.7)	-	(575.2)	(224.7)	-	-	(4,184.8)	(0.9)	-	(90.7)	-	-	(169.5)	(103.3)	(112.6)	-	(5,534.4)
As at March 31, 2019	**4,151.5**	**2,355.5**	**52,723.1**	**892.9**	**-**	**519.2**	**98,107.4**	**21.6**	**8.3**	**3,993.6**	**0.4**	**2.7**	**1,099.3**	**1,358.5**	**2,210.6**	**110.1**	**167,554.7**
Accumulated depreciation and impairment																	
As at April 01, 2017	22.5	236.1	10,825.9	932.4	41.0	230.8	33,401.4	20.2	-	1,880.7	0.4	-	534.6	-	915.3	-	49,041.3
Consolidation adjustments	2.2	0.6	182.6	44.7	(41.0)	-	568.1	-	-	48.5	-	0.3	10.4	1.5	16.8	-	834.7
Taken over on acquisition	-	-	77.2	-	-	-	298.0	-	-	12.6	-	-	6.9	-	0.9	-	395.6
Depreciation expense	-	23.0	1,770.3	685.1	-	59.2	6,854.1	0.5	-	272.6	-	0.4	186.7	174.9	254.4	-	10,281.2
Eliminated on disposals of assets	(24.7)	-	(1,734.5)	(770.3)	-	-	(724.1)	-	-	(35.7)	-	-	(70.1)	-	(19.2)	-	(3,378.6)
As at March 31, 2018	**-**	**259.7**	**11,121.5**	**891.9**	**-**	**290.0**	**40,397.5**	**20.7**	**-**	**2,178.7**	**0.4**	**0.7**	**668.5**	**176.4**	**1,168.2**	**-**	**57,174.2**
Consolidation adjustments	-	14.0	449.9	63.0	-	(155.3)	989.9	1.0	-	26.4	-	-	(1.9)	15.4	22.7	(0.2)	1,424.9
Taken over on acquisition ^	-	-	1,458.2	-	-	-	1,204.6	-	-	-	-	-	-	-	-	-	2,662.8
Depreciation expense	-	28.9	1,867.4	54.4	-	65.2	7,531.7	-	0.4	307.3	-	0.4	170.8	214.1	288.7	8.9	10,538.2
Impairment losses recognised in profit or loss	-	-	7.7	-	-	-	4.5	-	-	0.7	-	-	-	-	-	-	12.9
Eliminated on disposals of assets	-	-	(397.4)	(176.3)	-	-	(3,627.0)	(0.9)	-	(69.5)	-	-	(123.1)	(37.7)	(100.6)	-	(4,532.5)
As at March 31, 2019	**-**	**302.6**	**14,507.3**	**833.0**	**-**	**199.9**	**46,501.2**	**20.8**	**0.4**	**2,443.6**	**0.4**	**1.1**	**714.3**	**368.2**	**1,379.0**	**8.7**	**67,280.5**
Carrying amount																	
As at March 31, 2018	**3,383.7**	**1,588.3**	**35,834.2**	**153.3**	**-**	**482.1**	**46,815.3**	**0.4**	**-**	**1,551.3**	**-**	**2.0**	**454.5**	**545.0**	**780.2**	**-**	**91,590.3**
As at March 31, 2019	**4,151.5**	**2,052.9**	**38,215.8**	**59.9**	**-**	**319.3**	**51,606.2**	**0.8**	**7.9**	**1,550.0**	**-**	**1.6**	**385.0**	**990.3**	**831.6**	**101.4**	**100,274.2**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 3b OTHER INTANGIBLE ASSETS

Other than internally generated

₹ in Million

	Computer Software	Trademarks and Designs	Total
At cost or deemed cost			
As at April 01, 2017	1,415.6	53,892.2	55,307.8
Consolidation adjustments	14.1	653.1	667.2
Taken over on acquisition	-	550.0	550.0
Additions	332.6	8,150.8	8,483.4
Eliminated on disposals of assets	(8.7)	(343.2)	(351.9)
As at March 31, 2018	**1,753.6**	**62,902.9**	**64,656.5**
Consolidation adjustments	21.6	2,793.3	2,814.9
Taken over on acquisition^	4.4	-	4.4
Additions	763.9	22,251.6	23,015.5
Eliminated on disposals of assets	(10.3)	(723.0)	(733.3)
As at March 31, 2019	**2,533.2**	**87,224.8**	**89,758.0**
Accumulated amortisation and impairment			
As at April 01, 2017	912.3	17,958.9	18,871.2
Consolidation adjustments	9.8	541.1	550.9
Amortisation expense	219.7	4,497.5	4,717.2
Eliminated on disposals of assets	(8.6)	(343.4)	(352.0)
As at March 31, 2018	**1,133.2**	**22,654.1**	**23,787.3**
Consolidation adjustments	17.5	989.1	1,006.6
Taken over on acquisition^	1.2	-	1.2
Amortisation expense	303.2	6,691.1	6,994.3
Eliminated on disposals of assets	(10.2)	(554.7)	(564.9)
As at March 31, 2019	**1,444.9**	**29,779.6**	**31,224.5**
Carrying amount			
As at March 31, 2018	**620.4**	**40,248.8**	**40,869.1**
As at March 31, 2019	**1,088.3**	**57,445.2**	**58,533.5**

Footnotes:

(a) Buildings include ₹ 8,620 (March 31, 2018: ₹ 8,620) towards cost of shares in a co-operative housing society and also includes ₹ 4.5 Million (March 31, 2018 : ₹ 4.5 Million towards cost of flats not registered in the name of the Parent company but is entitled to right of use and occupancy.

(b) For details of assets pledged as security refer note 67.

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

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

* Refer note 55

^ Refer note 76

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 4 INVESTMENT IN ASSOCIATES (NON-CURRENT)

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
(Carrying amount determined using equity method of accounting)				
Unquoted, fully paid				
Investments in equity instruments				
Medinstill LLC	1,999	1,389.2	1,999	1,436.4
Tarsius Pharma Ltd	345,622	195.2	-	-
Investments in limited liability partnership				
Trumpcard Advisors and Finvest LLP	-	579.0	-	444.6
Generic Solar Power LLP [₹ 11,568 (March 31, 2018: ₹ 28,760)]	-	0.0	-	0.0
Quoted, fully paid				
Investments in equity instruments				
(At cost, less impairment in value of investment)				
scPharmaceuticals Inc. [Refer note 39(p)]	-	-	2,167,679	867.6
		2,163.4		**2,748.6**
Aggregate carrying value of unquoted investments		2,163.4		1,881.0
Aggregate book value (carrying value) of quoted investments		-		867.6
Aggregate amount of quoted investments at market value		-		1,745.3

NOTE : 5 INVESTMENT IN JOINT VENTURES (NON-CURRENT)

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
(Carrying amount determined using equity method of accounting)				
Unquoted, fully paid				
Investments in equity instruments				
Artes Biotechnology GmbH	15,853	262.0	15,853	252.8
		262.0		**252.8**
Aggregate carrying value of unquoted investments		262.0		252.8

NOTE : 6 INVESTMENTS (NON-CURRENT)

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
In equity instruments				
Quoted - At fair value through other comprehensive income				
Amneal Pharmaceuticals Inc (formerly known as Impax Laboratories Inc.,) Shares of USD 0.01 each fully paid	2,868,623	2,808.4	2,868,623	3,622.8
Krebs Biochemicals and Industries Limited Shares of ₹ 10 each fully paid	1,050,000	120.2	1,050,000	172.3
Krystal biotech, Inc. Shares of USD 0.00001 each fully paid	914,107	2,077.8	914,107	598.9
scPharmaceuticals Inc. [Refer note 39(p)]	2,167,679	449.3	-	-
In equity instruments				
Unquoted				
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)
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)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
Reanal Finomvegyszergyar Zrt. (Reanal Ltd)	38,894	177.9	38,894	168.2
Less: Impairment in value of investment		(177.9)		(168.2)
Others		71.9		20.2
In government securities				
Quoted - At fair value through other comprehensive income				
7.86% Government of Rajasthan UDAY 2019 Bond of ₹ 1 each fully paid maturing June 23, 2019	-	-	27,400,000	27.1
8.01% Government of Rajasthan UDAY 2020 Bond of ₹ 1 each fully paid maturing June 23, 2020	27,400,000	27.1	27,400,000	27.2
7.62% Government of Telangana UDAY 2026 Bond of ₹ 1 each fully paid maturing March 07, 2026	100,000,000	98.4	100,000,000	96.5
7.98% Government of Telangana UDAY 2030 Bond of ₹ 1 each fully paid maturing March 07, 2030	100,000,000	100.1	100,000,000	97.6
8.24% Government of Tamil Nadu UDAY 2028 Bond of ₹ 1 each fully paid maturing March 22, 2028	50,000,000	50.8	50,000,000	51.0
8.11% Government of Chhattisgarh SDL 2028 Bond of ₹ 1 each fully paid maturing January 31, 2028	200,000,000	202.2	-	-
8.29% Government of West Bengal SDL 2028 Bond of ₹ 1 each fully paid maturing February 21, 2028	50,000,000	51.4	-	-
Unquoted				
National savings certificates [₹ 10,000 (March 31, 2018: ₹ 10,000)]	-	0.0	-	0.0
Quoted - At fair value through other comprehensive income				
Others *	-	3,286.4	-	3,310.2
In debentures/bonds				
Quoted - At fair value through other comprehensive income				
Housing Development Finance Corporation Ltd - 9.9% Non-convertible Debentures of ₹ 1,000,000 each fully paid matured during the year	-	-	250	253.5
National Highways Authority of India - 8.2% Bonds of ₹ 1,000 each fully paid maturing on January 25, 2022	61,809	64.6	61,809	66.1
Power Finance Corporation Ltd (Series I) -8.2% Bonds of ₹ 1,000 each fully paid maturing on February 01, 2022	142,393	149.0	142,393	152.2
Indian Railway Finance Corporation Ltd - 8/8.15% Bonds of ₹ 1,000 each fully paid maturing on February 23, 2022	163,131	170.0	163,131	173.5
Investment in Bonds (various small value investments)	-	17,686.6	-	11,340.5
ONGC Videsh 4.625% Regd. Notes	16,000,000	1,149.7	16,000,000	1,067.4
NTPC 4.375% Regd. Euro Medium Term Notes	10,000,000	712.7	10,000,000	661.4
State Bank of India 4.875%	700,000	507.0	700,000	476.1
Other investments - Unquoted		7,309.1		5,306.6
		37,092.7		**27,521.1**
Aggregate book value (carrying value) of quoted investments		29,711.7		22,194.3
Aggregate amount of quoted investments at market value		29,711.7		22,194.3
Aggregate amount of unquoted investments before impairment		8,493.4		6,429.5
Aggregate amount of impairment in value of investments		1,112.4		1,102.7

*includes investment in various small denomination U.S Treasuries, brokered cash deposits and commercial papers

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 7 LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Loans to employees/others *		
Secured, considered good	3.1	10.2
Unsecured, considered good	167.3	22,414.5
	170.4	**22,424.7**

* Others: Loans given to various parties at prevailing market interest rate.

NOTE : 8 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Deposits	1.4	1.0
Margin money/ security against guarantees/ commitments	2.6	2.2
Security deposits - unsecured, considered good	638.6	653.8
Derivatives designated as hedges	24.4	-
Derivatives not designated as hedges	120.7	82.8
Others#	-	309.4
	787.7	**1,049.2**

includes receivable towards sale of manufacturing facility

NOTE : 9 INCOME TAX ASSET (NET) [NON-CURRENT]

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Advance income tax (net of provisions)*	32,660.9	31,896.6
	32,660.9	**31,896.6**

* includes amount paid under protest

NOTE : 10 OTHER NON-CURRENT ASSETS

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Capital advances	3,894.8	4,430.3
Prepaid expenses	70.2	91.0
Balances with government authorities*	1,116.8	1,122.1
Other assets	1.7	16.7
	5,083.5	**5,660.1**

* includes amount paid under protest

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 11 INVENTORIES

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Lower of cost and net realisable value		
Raw materials and packing materials	27,530.2	24,360.1
Goods in transit	307.6	261.1
	27,837.8	**24,621.2**
Work-in-progress	18,337.1	14,514.2
Finished goods	24,430.7	22,429.0
Stock-in-trade	7,151.3	6,217.1
Goods in transit	83.8	25.5
	7,235.1	**6,242.6**
Stores and spares	1,019.1	999.0
Goods in transit	-	0.9
	1,019.1	**999.9**
	78,859.8	**68,806.9**

(i) Inventory write downs are accounted, considering the nature of inventory, estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products. Write downs of inventories amounted to ₹ 16,690.2 Million (March 31, 2018: ₹ 14,291.3 Million). The changes in write downs are recognised as an expense in the consolidated statement of profit and loss.

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

NOTE : 12 INVESTMENTS (CURRENT)

	As at March 31, 2019		As at March 31, 2018	
	Quantity	₹ in Million	Quantity	₹ in Million
In Government securities				
Quoted (Fair value through other comprehensive income)				
7.75% Government of Rajasthan UDAY 2018 Bond of ₹ 1 each fully paid matured on June 23, 2018	-	-	27,400,000	26.9
7.86% Government of Rajasthan UDAY 2019 Bond of ₹ 1 each fully paid maturing June 23, 2019	27,400,000	26.9	-	-
Investment in others @		18,812.5		22,087.4
In bonds/debentures				
Quoted (Fair value through other comprehensive income)				
ONGC Videsh Limited	200,000	13.8	-	-
JSW Steel Limited	7,000,000	483.0	-	-
Oil India Limited	1,000,000	69.0	-	-
Investment in bonds (various small denomination investments)	-	14,480.8	-	13,612.4
In mutual funds *				
Unquoted		5,621.2		5177.2
In equity instruments				
Unquoted	-	-	-	2.3
		39,507.2		**40,906.2**

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

@ includes investment in various small denomination U.S Treasuries, brokered cash deposits, money market funds and commercial papers

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Aggregate book value (carrying value) of quoted investments	33,886.0	35,726.7
Aggregate amount of quoted investments at market value	33,886.0	35,726.7
Aggregate amount of unquoted investments before impairment	5,621.2	5,179.5
Aggregate amount of impairment in value of investments	-	-

NOTE : 13 TRADE RECEIVABLES

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	88,842.0	78,152.8
Credit impaired	2,246.1	3,142.9
	91,088.1	**81,295.7**
Less : Allowance for credit impaired (expected credit loss allowance)	(2,246.1)	(3,142.9)
	88,842.0	**78,152.8**

NOTE : 14 CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Balance with banks		
In current accounts	33,540.6	55,137.3
In deposit accounts with original maturity less than 3 months	36,308.9	24,099.3
Cheques, drafts on hand	764.3	10.6
Cash on hand	9.2	6.5
	70,623.0	**79,253.7**

NOTE : 15 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 14 ABOVE

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Deposit accounts (*)	1,696.9	19,610.3
Earmarked balances with banks		
Unpaid dividend accounts	90.7	73.0
Balances held as margin money or security against guarantees and other commitments (*)	345.4	356.8
	2,133.0	**20,040.1**

(*) Other bank balances include deposits amounting to ₹ Nil (March 31, 2018: ₹ 115.8 Million) and margin monies amounting to ₹ 38.3 Million (March 31, 2018: ₹ 327.7 Million) which have an original maturity of more than 12 months.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 16 LOANS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Loans to related parties		
Unsecured, considered good (Refer note 69)	283.3	-
Loans to employees/others *		
Secured, considered good	20.6	18.2
Unsecured, considered good	2,789.6	896.1
Loans to employees/others - credit impaired	9.8	4.5
Less : Allowance for credit impaired	(9.8)	(4.5)
	2,810.2	**914.3**
	3,093.5	**914.3**

* Others: Loans given to various parties at prevailing market interest rate.

NOTE : 17 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Interest accrued on investments/balances with banks	164.7	316.0
Security deposits (unsecured, considered good)	105.0	107.1
Derivatives designated as hedges	535.2	-
Derivatives not designated as hedges	133.5	700.7
Refund due from government authorities	2,489.8	2,079.4
Others	1,056.7	1,592.3
	4,484.9	**4,795.5**

NOTE : 18 OTHER CURRENT ASSETS

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Export incentives receivable	3,347.8	2,701.0
Prepaid expenses	1,694.8	1,212.2
Advances for supply of goods and services		
Considered good	3,764.2	6,525.6
Considered doubtful	355.5	328.8
Less : allowance for doubtful	(355.5)	(328.8)
Balances with government authorities*	13,793.3	12,739.2
Others	548.4	311.5
	23,148.5	**23,489.5**

* includes balances of goods and service tax.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 19 EQUITY SHARE CAPITAL

	As at March 31, 2019		As at March 31, 2018	
	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 (Refer note 42)	2,399,334,970	2,399.3	2,399,323,180	2,399.3
	2,399,334,970	**2,399.3**	**2,399,323,180**	**2,399.3**

NOTE : 20 OTHER EQUITY

₹ in Million

	As at March 31, 2019	As at March 31, 2018
A) Share application money pending allotment	-	-
B) Reserves and surplus		
Capital reserve	3,681.7	507.5
Securities premium	11,932.9	11,929.1
Debenture redemption reserve	-	1,250.0
Share options outstanding account	-	-
Amalgamation reserve	43.8	43.8
Capital redemption reserve	7.5	7.5
Legal reserve	207.5	3.6
General reserve	35,621.0	35,578.0
Retained earnings	333,301.9	319,777.0
C) Items of other comprehensive income (OCI)		
Debt instrument through other comprehensive income	(11.2)	(93.9)
Equity instrument through other comprehensive income	1,632.9	1,648.6
Foreign currency translation reserve	24,936.7	10,120.1
Effective portion of cash flow hedges	336.6	(29.5)
	411,691.3	**380,741.8**

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

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 - The amount received in excess of face value of the equity shares is recognised in securities premium. 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. It is utilised in accordance with the provisions of the Companies Act, 2013.

Debenture redemption reserve - The Company is required to create a debenture redemption reserve out of the profits which are available for payment of dividend. This reserve has been transferred to retained earning on redemption of debentures.

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

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

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

Legal reserve - The reserve has been created by an overseas subsidiary in compliance with requirements of local laws.

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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

under the Companies Act, 2013. In compliance with local laws of overseas subsidiaries, the reserve has been transferred from retained earnings.

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.

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

Foreign currency translation reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to consolidated profit or loss on the disposal of the foreign operation.

Effective portion of cash flow hedges - The cash flow hedging reserve represents the cumulative effective portion of gain or loss 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 hedges 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 : 21 BORROWINGS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Term loans		
From banks (unsecured)	14,127.7	15,538.7
From banks (secured)	-	1,035.3
From department of biotechnology (secured)	97.3	108.2
Long-term maturities of finance lease obligations (secured) [Refer notes 55 and 67]	997.4	1,033.4
Deferred payment liabilities (unsecured - at amortised cost)	3.7	5.3
	15,226.1	**17,720.9**

(Refer note 67 for borrowings [Non-current])

NOTE : 22 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Interest accrued	10.2	9.1
Derivatives not designated as hedges	20.4	-
Other financial liabilities*	-	307.4
	30.6	**316.5**

* includes contractual and expected milestone obligations.

NOTE : 23 PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Employee benefits	2,358.3	2,219.0
Others (Refer note 61)	1,945.6	1,825.6
	4,303.9	**4,044.6**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

NOTE : 24 OTHER NON-CURRENT LIABILITIES

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Deferred revenue	5,587.7	120.7
Others	124.8	145.3
	5,712.5	**266.0**

NOTE : 25 BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand		
From banks (unsecured)	30,750.8	23,810.6
Other loans		
From banks (unsecured)	36,079.1	16,881.9
Commercial paper (unsecured)	16,877.7	39,104.5
	83,707.6	**79,797.0**

(Refer note 68 for borrowings [current])

NOTE : 26 TRADE PAYABLES

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Trade payables	41,478.7	47,662.0
	41,478.7	**47,662.0**

NOTE : 27 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt (Refer note 67)	5,860.9	6,106.3
Current maturities of finance lease obligations (Refer notes 55 and 67)	349.0	228.5
Interest accrued	381.5	335.5
Unpaid dividends	93.9	86.4
Security deposits	126.6	151.3
Payables on purchase of property, plant and equipment	1,221.9	4,141.2
Derivatives designated as hedges	267.5	35.8
Derivatives not designated as hedges	123.9	143.7
Others*	1,848.0	2,148.5
	10,273.2	**13,377.2**

* includes claims, recall charges, contractual and expected milestone obligations, trade and other commitments.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 28 OTHER CURRENT LIABILITIES

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Statutory remittances	4,348.3	4,887.5
Advance from customers	693.7	301.1
Deferred revenue	2,206.5	48.4
Others	95.5	145.1
	7,344.0	**5,382.1**

NOTE : 29 PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Employee benefits	4,279.9	2,756.8
Others (Refer note 61)	25,043.4	48,339.8
	29,323.3	**51,096.6**

NOTE : 30 CURRENT TAX LIABILITIES (NET)

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Provision for income tax [Net of advance income tax]	1,269.4	1,328.3
	1,269.4	**1,328.3**

NOTE : 31 REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from contracts with customers (Refer notes 54, 64, 71 and 77)	286,862.8	260,659.4
Other operating revenues	3,796.3	4,235.2
	290,659.1	**264,894.6**

NOTE : 32 OTHER INCOME

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on:		
Bank deposits at amortised cost	1,486.1	1,399.0
Loans at amortised cost	1,411.5	921.4
Investments in debt instruments at fair value through other comprehensive income	1,546.4	553.9
Other financial assets carried at amortised cost	1,555.4	921.3
Others (includes interest on income tax refund)	692.7	1,402.0
	6,692.1	**5,197.6**
Dividend income on investments	223.8	371.6
Net gain on sale of financial assets measured at fair value through profit or loss	180.3	234.0
Net gain / (loss) on sale of financial assets measured at fair value through other comprehensive income	(0.1)	(7.5)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Net gain arising on financial assets measured at fair value through profit or loss	1,433.6	1,236.6
Net gain on disposal of property, plant and equipment and other intangible assets	28.3	31.3
Sundry balances written back, net	64.5	170.6
Insurance claims	156.1	258.6
Lease rental and hire charges	173.1	296.1
Miscellaneous income	1,303.2	598.7
	10,254.9	**8,387.6**

NOTE : 33 COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Raw materials and packing materials		
Inventories at the beginning of the year	24,621.2	21,811.0
Inventories acquired on acquisition (Refer note 76)	340.6	17.5
Purchases during the year	60,339.9	47,327.2
Foreign currency translation difference	363.1	91.5
Inventories at the end of the year	(27,837.8)	(24,621.2)
	57,827.0	**44,626.0**

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

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year	43,185.8	45,163.0
Inventories acquired on acquisition (Refer note 76)	1,121.8	-
Foreign currency translation difference	1,364.2	329.8
Inventories at the end of the year	(50,002.9)	(43,185.8)
	(4,331.1)	**2,307.0**

NOTE : 35 EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	52,699.4	47,082.9
Contribution to provident and other funds*	3,944.7	3,903.7
Share based payments to employees	-	(1.0)
Staff welfare expenses	3,026.8	2,684.9
	59,670.9	**53,670.5**

* includes gratuity expense of ₹ 372.8 Million (March 31, 2018: ₹ 450.4 Million)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 36 FINANCE COSTS

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense for financial liabilities carried at amortised cost	5,205.2	4,227.8
Interest expense others	0.6	21.5
Exchange differences regarded as an adjustment to borrowing costs	300.0	660.6
Unwinding of discounts on provisions	46.7	265.8
	5,552.5	**5,175.7**

NOTE : 37 OTHER EXPENSES

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of materials, stores and spare parts	7,026.5	7,511.5
Conversion and other manufacturing charges	6,671.4	6,499.4
Power and fuel	6,136.0	5,599.7
Rent	1,327.6	1,120.8
Rates and taxes	3,090.4	3,237.2
Insurance	1,492.6	1,312.9
Selling and distribution	19,939.6	13,661.6
Commission on sale	1,117.4	1,350.0
Repairs and maintenance	5,149.2	4,263.1
Printing and stationery	483.8	612.3
Travelling and conveyance	5,426.1	5,190.2
Freight outward and handling charges	5,154.3	3,633.9
Communication	838.2	801.9
Provision/write off/(reversal) for doubtful trade receivables/advances	(339.4)	1,095.9
Professional, legal and consultancy	14,372.7	16,153.1
Donations	238.9	254.8
Loss on sale/write off of property, plant and equipment and other intangible assets, net	693.9	232.9
Net (gain) / loss on foreign currency transactions	932.0	82.5
Excise duty on sales	-	739.2
(Decrease)/increase of excise duty on inventories	-	(729.7)
Payment to auditors (net of input credit, wherever applicable)	260.6	196.1
Impairment in value of investments, net	-	(725.7)
Impairment of property, plant and equipment, goodwill and other intangible assets	12.9	26.7
Miscellaneous expenses	9,197.9	8,775.7
	89,222.6	**80,896.0**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

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

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	6,055.5	6,062.5
Contribution to provident and other funds	376.7	277.2
Staff welfare expenses	262.5	250.9
Consumption of materials, stores and spare parts	3,475.9	3,516.6
Power and fuel	334.5	322.1
Rates and taxes	956.4	349.6
Rent	104.6	89.1
Insurance	57.1	15.2
Repairs and maintenance	507.9	524.5
Printing and stationery	46.9	41.0
Travelling and conveyance	159.3	182.6
Communication	58.4	39.4
Professional, legal and consultancy	5,579.2	6,787.5
Loss on sale/write off of property, plant and equipment and other intangible assets, net	-	4.8
Miscellaneous expenses	1,153.8	2,206.4
	19,128.7	**20,669.4**
Less:		
Miscellaneous income	21.7	2.8
Receipts from research activities	49.9	145.7
	71.6	**148.5**
	19,057.1	**20,520.9**

NOTE : 39 a) List of entities included in the Consolidated Financial Statements is as under:

		Country of Incorporation	Proportion of ownership interest for the year ended March 31, 2019	Proportion of ownership interest for the year ended March 31, 2018
	Parent Company			
	Sun Pharmaceutical Industries Limited			
	Direct Subsidiaries			
1	Green Eco Development Centre Limited	India	100.00%	100.00%
2	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	72.50%	72.50%
3	Sun Farmaceutica do Brasil Ltda.	Brazil	100.00%	100.00%
4	Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%
5	SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%
6	Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%
7	OOO "Sun Pharmaceutical Industries" Limited	Russia	100.00%	100.00%
8	Sun Pharma De Venezuela, C.A.	Venezuela	100.00%	100.00%
9	Sun Pharma Laboratories Limited	India	100.00%	100.00%
10	Faststone Mercantile Company Private Limited	India	100.00%	100.00%
11	Neetnav Real Estate Private Limited	India	100.00%	100.00%
12	Realstone Multitrade Private Limited	India	100.00%	100.00%
13	Skisen Labs Private Limited	India	100.00%	100.00%
14	Sun Pharma Holdings	Mauritius	100.00%	100.00%
15	Softdeal Trading Company Private Limited	India	100.00%	100.00%
16	Ranbaxy Pharmacie Generiques	France	100.00%	100.00%
17	Sun Pharma (Netherlands) B.V. (Formerly known as Ranbaxy (Netherlands) B.V.)	Netherlands	100.00%	100.00%
18	Foundation for Disease Elimination and Control of India	India	100.00% (Refer note e)	100.00% (Refer note e)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

		Country of Incorporation	Proportion of ownership interest for the year ended	
			March 31, 2019	March 31, 2018
19	Zenotech Laboratories Limited	India	57.56% (Refer note h)	57.56% (Refer note g & h)
20	Ranbaxy Drugs Limited	India	-	- (Refer note o)
21	Vidyut Investments Limited	India	-	- (Refer note o)
22	Gufic Pharma Limited	India	-	- (Refer note o)
23	Sun Pharma Medisales Private Limited	India	-	- (Refer note o)
	Indirect Subsidiaries			
24	Sun Pharmaceutical Industries, Inc.	United States of America	100.00%	100.00%
25	Ranbaxy (Malaysia) SDN. BHD.	Malaysia	95.67%	90.74%
26	Ranbaxy Nigeria Limited	Nigeria	86.16%	85.31%
27	Chattem Chemicals Inc.	United States of America	100.00%	100.00%
28	The Taro Development Corporation	United States of America	100.00%	100.00%
29	Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%
30	Sun Pharmaceuticals UK Limited	United Kingdom	- (Refer note i)	100.00% (Refer note i)
31	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	100.00%	100.00%
32	Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%
33	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	100.00%	100.00%
34	Sun Pharmaceuticals Italia S.R.L.	Italy	- (Refer note r)	100.00%
35	Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%
36	Sun Pharmaceuticals France	France	100.00%	100.00%
37	Sun Pharma Global FZE	United Arab Emirates	100.00%	100.00%
38	Sun Pharmaceuticals SA (Pty) Ltd	South Africa	100.00%	100.00%
39	Sun Global Canada Pty. Ltd.	Canada	100.00%	100.00%
40	Sun Pharma Philippines, Inc.	Philippines	100.00%	100.00%
41	Sun Pharmaceuticals Korea Ltd.	South Korea	100.00%	100.00%
42	Sun Global Development FZE	United Arab Emirates	100.00%	100.00%
43	Caraco Pharmaceuticals Private Limited	India	100.00%	100.00%
44	Sun Pharma Japan Ltd.	Japan	100.00%	100.00%
45	Pola Pharma Inc.	Japan	100.00%	-
46	Sun Pharma Healthcare FZE	United Arab Emirates	100.00%	100.00%
47	Morley & Company, Inc.	United States of America	100.00%	100.00%
48	Sun Laboratories FZE	United Arab Emirates	100.00%	100.00%
49	Taro Pharmaceutical Industries Ltd. (Taro)	Israel (Refer note b)	76.54%	74.82%
50	Taro Pharmaceuticals Inc.	Canada	76.54%	74.82%
51	Taro Pharmaceuticals U.S.A., Inc.	United States of America	76.54%	74.82%
52	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	76.54%	74.82%
53	Taro Pharmaceuticals Europe B.V.	Netherlands	76.54%	74.82%
54	Taro Pharmaceuticals Ireland Ltd	Ireland	- (Refer note j)	74.82% (Refer note j)
55	Taro International Ltd.	Israel	76.54%	74.82%
56	Taro Pharmaceuticals (UK) Ltd.	United Kingdom	- (Refer note f)	74.82% (Refer note f)
57	Taro Pharmaceutical India Private Limited	India	-	- (Refer note s)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

		Country of Incorporation	Proportion of ownership interest for the year ended	
			March 31, 2019	March 31, 2018
58	3 Skyline LLC	United States of America	76.54%	74.82%
59	One Commerce Drive LLC	United States of America	76.54%	74.82%
60	Taro Pharmaceutical Laboratories Inc.	United States of America	76.54%	74.82%
61	Taro Pharmaceuticals Canada, Ltd.	Canada	- (Refer note n)	74.82%
62	Alkaloida Sweden AB	Sweden	- (Refer note l)	100.00%
63	Dusa Pharmaceuticals, Inc.	United States of America	100.00%	100.00%
64	Mutual Pharmaceutical Company Inc.	United States of America	100.00%	100.00%
65	Dungan Mutual Associates, LLC	United States of America	100.00%	100.00%
66	URL PharmPro, LLC	United States of America	100.00%	100.00%
67	2 Independence Way LLC	United States of America	100.00%	100.00%
68	Universal Enterprises Private Limited	India	100.00%	100.00%
69	Sun Pharma Switzerland Ltd.	Switzerland	100.00%	100.00%
70	Sun Pharma East Africa Limited	Kenya	100.00%	100.00%
71	Pharmalucence, Inc.	United States of America	100.00%	100.00%
72	PI Real Estate Ventures, LLC	United States of America	100.00%	100.00%
73	Sun Pharma ANZ Pty Ltd	Australia	100.00%	100.00%
74	Ranbaxy Farmaceutica Ltda.	Brazil	100.00%	100.00%
75	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	Canada	100.00%	100.00%
76	Sun Pharma Egypt Limited LLC (Formerly known as Ranbaxy Egypt Ltd)	Egypt	100.00%	100.00%
77	Rexcel Egypt LLC	Egypt	100.00%	100.00%
78	Office Pharmaceutique Industriel Et Hospitalier	France	100.00%	100.00%
79	Basics GmbH	Germany	100.00%	100.00%
80	Ranbaxy GmbH	Germany	- (Refer note m)	100.00%
81	Ranbaxy Ireland Limited	Ireland	100.00%	100.00%
82	Ranbaxy Italia S.P.A.	Italy	100.00%	100.00%
83	Sun Pharmaceutical Industries S.A.C.	Peru	100.00%	100.00%
84	Ranbaxy (Poland) SP. Z O.O.	Poland	100.00%	100.00%
85	Terapia SA	Romania	96.81%	96.81%
86	AO Ranbaxy	Russia	100.00%	100.00%
87	Ranbaxy South Africa (Pty) Ltd	South Africa	100.00%	100.00%
88	Ranbaxy Pharmaceuticals (Pty) Ltd	South Africa	100.00%	100.00%
89	Be-Tabs Investments (Pty) Ltd	South Africa	- (Refer note q)	100.00%
90	Sonke Pharmaceuticals Proprietary Limited	South Africa	70.00%	70.00%
91	Laboratorios Ranbaxy, S.L.U.	Spain	100.00%	100.00%
92	Ranbaxy (U.K.) Limited	United Kingdom	100.00%	100.00%
93	Ranbaxy Holdings (U.K.) Limited	United Kingdom	100.00%	100.00%
94	Ranbaxy Europe Limited	United Kingdom	- (Refer note k)	100.00% (Refer note k)
95	Ranbaxy Inc.	United States of America	100.00%	100.00%
96	Ranbaxy (Thailand) Co., Ltd.	Thailand	100.00%	100.00%
97	Ohm Laboratories, Inc.	United States of America	100.00%	100.00%
98	Ranbaxy Signature LLC	United States of America	67.50%	67.50%
99	Ranbaxy Laboratories, Inc	United States of America	-	- (Refer note t)
100	Ranbaxy Pharmaceuticals, Inc	United States of America	-	- (Refer note t)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

	Country of Incorporation	Proportion of ownership interest for the year ended	
		March 31, 2019	March 31, 2018
101 Sun Pharmaceuticals Morocco LLC	Morocco	100.00%	100.00%
102 "Ranbaxy Pharmaceuticals Ukraine" LLC	Ukraine	100.00%	100.00%
103 Insite Vision Incorporated	United States of America	100.00%	100.00%
104 Insite Vision Ltd.	United Kingdom	-	- (Refer note u)
105 Ocular Technologies SARL	Switzerland	-	- (Refer note v)
106 Sun Pharmaceutical Medicare Limited	India	100.00%	100.00%
107 JSC Biosintez	Russia	96.96%	85.10%
108 Sun Pharmaceuticals Holdings USA, Inc.	United States of America	100.00%	100.00%
109 Zenotech Laboratories Nigeria Limited	Nigeria	57.50% (Refer note h)	57.50% (Refer note h)
110 Zenotech Inc	United States of America	57.56% (Refer note h)	57.56% (Refer note h)
111 Zenotech Farmaceutica Do Brasil Ltda	Brazil	38.21% (Refer note h)	38.21% (Refer note h)
112 Kayaku Co., Ltd.	Japan	100.00%	-
113 Sun Pharma Distributors Limited	India	100.00%	-
Name of Joint Venture Entities			
114 Artes Biotechnology GmbH	Germany	45.00%	45.00%
115 MSD - Sun LLC	United States of America	-	- (Refer note w)
116 S & I Ophthalmic LLC	United States of America	-	- (Refer note x)
Name of Associates			
117 Medinstill LLC	United States of America	19.99%	19.99%
118 Generic Solar Power LLP	India	28.76%	28.76%
119 scPharmaceuticals Inc.	United States of America	- (Refer note p)	11.69%
120 Trumpcard Advisors and Finvest LLP	India	40.61%	40.61%
121 Tarsius Pharma Ltd.	Israel	18.33%	-
122 Zenotech Laboratories Limited	India	-	- (Refer note g)
Name of Subsidiary of Associates			
123 Composite Power Generation LLP	India	36.90%	36.90%
124 Vintage Power Generation LLP	India	39.41%	39.41%
125 Vento Power Generation LLP	India	40.55%	40.55%
126 HRE LLC	United States of America	19.99%	19.99%
127 HRE II LLC	United States of America	19.99%	19.99%
128 HRE III LLC	United States of America	19.99%	19.99%
129 Dr. Py Institute LLC	United States of America	19.99%	19.99%
130 Medinstill Development LLC	United States of America	19.99%	19.99%
131 ALPS LLC	United States of America	19.99%	19.99%
132 Intact Pharmaceuticals LLC	United States of America	19.99%	19.99%
133 Intact Media LLC (Formerly known as Intact Skin Care LLC)	United States of America	19.99%	19.99%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

b Following are the details of the Group's holding in Taro:

	March 31, 2019	March 31, 2018
Voting power	84.36%	83.21%
Beneficial ownership	76.54%	74.82%

c In respect of entities at Sr. Nos.4 to 7, 45, 86, 102, 103, 104, 105, 107, 112, 114, 117, 121 and from 126 to 133 the reporting date is as of December 31, 2018 and different from the reporting date of the Parent Company.

d In respect of entities at Sr. No. 45, 112, 113 and 121 have been acquired or incorporated during the year ended March 31, 2019.

e Foundation for Disease Elimination and Control of India (FDEC), a wholly owned subsidiary incorporated in India on September 21, 2016 by the Company as part of its Corporate Social Responsibility (CSR) initiative. FDEC has entered into an MOU with Indian Council of Medical Research (ICMR) and Madhya Pradesh State Government to undertake the Mandla Malaria Elimination Demonstration Project with a goal to eliminate Malaria in the state. FDEC is a Section 8 company not considered for consolidation since it can apply its income for charitable purposes only and can raise funds/contribution independently.

f With effect from September 21, 2018 Taro Pharmaceuticals (UK) Limited has been dissolved.

g With effect from July 27, 2017 Zenotech Laboratories Limited has ceased to be an associate and has become a subsidiary of Sun Pharmaceutical Industries Limited.

h Books of accounts and other related records/documents of the overseas subsidiaries of the Zenotech Laboratories Limited were missing and due to non-availability of those records/information, Zenotech Laboratories Limited is unable to prepare consolidated accounts.

i With effect from May 20, 2018 Sun Pharmaceuticals UK Limited has been dissolved.

j With effect from April 19, 2018 Taro Pharmaceuticals Ireland Ltd. has been dissolved.

k With effect from August 22, 2018 Ranbaxy Europe Limited has been dissolved.

l With effect from September 25, 2018 Alkaloida Sweden AB has been sold.

m With effect from April 01, 2018 Ranbaxy GmbH has been merged with Basics GmbH.

n With effect from April 01, 2018 Taro Pharmaceuticals Canada, Ltd. has been merged with Taro Pharmaceuticals Inc.

o During the year 2016-17 , Solrex Pharmaceuticals Company, a partnership firm was converted into company which is known as Sun Pharma Medisales Private Limited. 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 on September 08, 2017.

p scPharmaceuticals Inc. was treated as associate till March 31, 2018 and now being classified and measured as investment at fair value through other comprehensive income.

q With effect from March 25, 2019 Be-Tabs Investments (Pty) Ltd has been dissolved.

r With effect from March 04, 2019 Sun Pharmaceuticals Italia S.R.L. has been dissolved.

s Taro Pharmaceutical India Private Limited has been liquidated on April 04, 2017.

t With effect from August 01, 2017, Ranbaxy Pharmaceuticals, Inc. and Ranbaxy Laboratories, Inc. have been merged with Sun Pharmaceutical Industries Inc.

u With effect from April 25, 2017 Insite Vision Ltd. has been dissolved.

v With effect from April 01, 2017 vide certificate dated August 09, 2017 Ocular Technologies SARL has been merged with Sun Pharma Switzerland Limited.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

w With effect from June 19, 2017 MSD - Sun LLC is liquidated.

x With effect from December 21, 2017 S & I Ophthalmic LLC has been dissolved.

y Significant Accounting Policies and other Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.

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

₹ in Million

		As at March 31, 2019	As at March 31, 2018
A)	**Contingent liabilities**		
I)	**Claims against the Group not acknowledged as debts**	806.4	855.4
II)	**Liabilities disputed - appeals filed with respect to:**		
	Income tax on account of disallowances / additions	58,861.8	59,274.1
	Sales tax on account of rebate / classification	118.9	122.5
	Excise duty / service tax on account of valuation / cenvat credit	1,939.0	2,290.4
	Environment cess	-	23.3
	ESIC contribution on account of applicability	130.5	130.5
	Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Group	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 licence scheme	-	17.4
	Fine imposed for anti-competitive settlement agreement by European Commission	799.5	830.7
	Octroi demand on account of rate difference	171.0	171.0
	Other matters - state electricity board, Punjab Land Preservation Act related matters etc.	89.3	77.4

Note : includes, interest till the date of demand, wherever applicable.

Provident fund judgement by Hon'ble Supreme Court of India (SC) dated February 28, 2019 is being analysed by the Group for its Indian subsidiaries. The Group has made a provision on prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity.

III) 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. Some of the key matters are discussed below. Most of the legal proceedings involve complex issues, which are specific to the case and don't have precedents and hence for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings and the overall length and the discovery process ; the entitlement of the parties to an action to appeal a decision; the extent of the claims, including the size of any potential class, particularly when damages are not specified or are indeterminate; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation and any other factors that may have a material effect on the litigation. The Company makes its assessment of likely outcome, based on the views of internal legal counsel and in consultation with external legal counsel representing the Company. The Company also believes that disclosure of the amount sought by plaintiffs, would not be meaningful because historical evidence indicates that the amounts settled (if any) are significantly different than those claimed by plaintiff's. Some of the legal claims against the Company, if decided against the Company may result into significant impact on its results of operations of a given period during which the claim is settled.

Antitrust – Gx Drug Price Fixing:

Beginning in 2016, subsidiaries in United States of America (US subsidiaries) separately received a grand jury subpoena from the United States Department of Justice, Antitrust Division, seeking documents relating to corporate and employee records, generic pharmaceutical products and pricing, communications with competitors and others regarding the sale of generic

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

pharmaceutical products, and certain other related matters. The subsidiaries are in the process of responding to the subpoenas. Certain current and former officers and employees in the companies' respective commercial teams have also received related subpoenas. A similar subpoena was received by each subsidiary from the Connecticut Attorney General.

US subsidiaries separately have received a Civil Investigative Demand from the U.S. Department of Justice pursuant to the False Claims Act seeking information relating to corporate and employee records, generic pharmaceutical products and pricing, communications and/or agreements with competitors and others regarding the sale of generic pharmaceutical products, and certain other related matters. The subsidiaries are in the process of responding to the requests.

US subsidiaries, and in the case of one complaint, a former member of one subsidiary's sales group, are defendants along with other pharmaceutical companies in a number of putative class action lawsuits and individual actions brought by purchasers and payors of several generic pharmaceutical products, as well as State Attorneys Generals, alleging a conspiracy with competitors to fix prices, rig bids, or allocate customers, and also an industry-wide conspiracy as to all generic pharmaceutical products. The cases have been or expected to be transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings. The Court has sequenced the lawsuits into separate groups for purposes of briefing motions to dismiss. Defendants filed motions to dismiss complaints in the first group. On October 16, 2018, the Court denied the motions with respect to the federal law claims. On February 15, 2019, the Court granted in part and denied in part the motions with respect to the state law claims. Certain cases are proceeding in discovery.

Speakes Vs Taro Pharmaceutical Industries Limited:

One US subsidiary and two of its former officers are named as defendants in a putative shareholder class action pending in the United States District Court for the Southern District of New York and which asserts claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") against all defendants and Section 20(a) of the Exchange Act against the individual defendants. It generally alleges that the defendants made material misstatements and omissions in connection with an alleged conspiracy to fix drug prices. On September 24, 2018, the Court granted in part and denied in part the Company's motion to dismiss.

Antitrust – Modafinil:

The Group is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer in US, alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings. The Company has reached settlements with all but one plaintiff.

Antitrust – Lipitor:

The Group is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2008 patent settlement agreement with Pfizer concerning Atorvastatin. The cases have been transferred to the United States District Court for the District of New Jersey for coordinated proceedings. The cases are proceeding in discovery.

Antitrust – In re Ranbaxy Generic Drug Application Antitrust Litigation:

The Group is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws and the Racketeer Influenced and Corrupt Organizations Act, with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases have been transferred to the United States District Court for the District of Massachusetts for coordinated proceedings. The cases are proceeding in discovery.

Footnote:

Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.

₹ in Million

	As at March 31, 2019	As at March 31, 2018
B) Guarantees given by the bankers on behalf of the Group	3,379.6	2,850.6

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 41 COMMITMENTS

₹ in Million

		As at March 31, 2019	As at March 31, 2018
I)	Estimated amount of contracts remaining to be executed on capital account (net of advances) *	20,783.5	19,579.2
II)	For derivative related commitments [Refer note 47 (c)]		
III)	For non-cancellable lease related commitments [Refer note 55]		
IV)	Investment related commitments	750.9	2,873.3
V)	Letters of credit for imports	1,846.1	1,300.3

* The Group is committed to pay milestone payments and royalty on certain contracts, however, obligation to pay is contingent upon fulfillment of contractual obligation by parties to the contract.

NOTE : 42 DISCLOSURES RELATING TO SHARE CAPITAL

i Rights, preferences and restrictions attached to equity shares

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

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

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Opening balance	2,399,323,180	2,399.3	2,399,260,815	2,399.3
Add: shares allotted to employees on exercise of employee stock option (excluding shares held by ESOP trust) (March 31, 2019 : * : ₹ 11,790, March 31, 2018 : * : ₹ 62,365)	11,790	* 0.0	62,365	* 0.0
Closing balance	2,399,334,970	2,399.3	2,399,323,180	2,399.3

iii The movement of shares issued to ESOP Trust at face value is as follows:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Opening balance (April 01, 2017 : * : ₹ 30,366)	-	-	30,366	* 0.0
Less: shares allotted by ESOP trust on exercise of employee stock option (March 31, 2018 : * : ₹ 30,366)	-	-	(30,366)	* (0.0)
Closing balance	-	-	-	-

iv Nil (upto March 31, 2018: 1,035,581,955) equity shares of ₹ 1 each have been allotted as fully paid up bonus shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

v 334,956,764 (upto March 31, 2018: 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.

vi Refer Note 58 for number of employee stock options against which equity shares are to be issued by the Company / ESOP Trust upon vesting and exercise of those stock options.

vii 7,500,000 (upto March 31, 2018: 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 were cancelled.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

viii Equity shares held by each shareholder holding more than 5 percent equity shares in the Parent Company are as follows:

Name of Shareholders	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% of holding	Number of shares	% of holding
Shanghvi Finance Private Limited #	959,772,578	40.0	282,603	0.0
Dilip Shantilal Shanghvi	230,285,690	9.6	230,285,690	9.6
Viditi Investment Private Limited #	-	-	200,846,362	8.4
Tejaskiran Pharmachem Industries Private Limited #	-	-	194,820,971	8.1
Family Investment Private Limited #	-	-	182,437,880	7.6
Quality Investments Private Limited #	-	-	182,379,237	7.6
Life Insurance Corporation of India	141,217,558	5.9	145,302,877	6.1

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

Pursuant to Scheme of Amalgamation, Shanghvi Finance Private Limited ("SFPL"), who is a part of the Promoter Group of the Company, has w.e.f. October 23, 2018 acquired 959,489,975 Equity Shares of the Company representing 40.0% of the total paid-up equity share capital of the Company from 11 Transferor Companies namely 1) Viditi Investment Private Limited; 2) Tejaskiran Pharmachem Industries Private Limited; 3) Quality Investment Private Limited; 4) Family Investment Private Limited; 5) Virtuous Share Investments Private Limited; 6) Virtuous Finance Private Limited; 7) Sholapur Organics Private Limited; 8) Jeevanrekha Investrade Private Limited; 9) Package Investrade Private Limited; 10) Asawari Investment and Finance Private Limited; and 11) Nirmit Exports Private Limited. These transferor companies formed part of promoter group and collectively held the aforementioned equity shares of the Company.

NOTE : 43 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue, net (excluding depreciation) [Refer note 38]	19,057.1	20,520.9
Capital	718.2	1,819.4
	19,775.3	**22,340.3**

NOTE : 44 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments - quoted	-	5,455.7	-
Equity instruments - unquoted	71.9	-	-
Bonds/debentures - quoted	-	35,486.2	-
Government securities - quoted	-	556.9	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Mutual funds - unquoted	5,621.2	-	-
Others - quoted	-	22,098.9	-
Others - unquoted	7,309.1	-	-
Loans to related parties	-	-	283.3
Loans to employees/others	-	-	2,980.6
Trade receivables	-	-	88,842.0
Deposits	-	-	1.4
Margin money/ security against guarantees/ commitments	-	-	2.6

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Security deposits	-	-	743.6
Cash and cash equivalents	-	-	70,623.0
Bank balances other than cash and cash equivalents	-	-	2,133.0
Interest accrued on investments / balances with banks	-	-	164.7
Refund due from government authorities	-	-	2,489.8
Derivatives designated as hedges	-	559.6	-
Other financial assets	-	-	1,056.7
Mandatorily measured :			
Derivatives not designated as hedges	254.2	-	-
Total	**13,256.4**	**64,157.3**	**169,320.7**
Financial liabilities			
Borrowings	-	-	98,933.7
Current maturities of long-term debt and finance lease obligations	-	-	6,209.9
Trade payables	-	-	41,478.7
Interest accrued	-	-	391.7
Unpaid dividends	-	-	93.9
Security deposits	-	-	126.6
Payable on purchase of property, plant and equipment	-	-	1,221.9
Derivatives designated as hedges	-	267.5	-
Other financial liabilities	-	-	1,848.0
Mandatorily measured :			
Derivatives not designated as hedges	144.3	-	-
Total	**144.3**	**267.5**	**150,304.4**

₹ 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 - quoted	-	4,394.0	-
Equity instruments - unquoted	22.5	-	-
Bonds/debentures - quoted	-	27,803.1	-
Government securities - quoted	-	326.3	-
Government securities - unquoted (₹ 10,000)	-	-	0.0
Mutual funds - unquoted	5,177.2	-	-
Others - quoted	-	25,397.6	-
Others - unquoted	5,306.6	-	-
Loans to employees/others	-	-	23,339.0
Trade receivables	-	-	78,152.8
Deposits	-	-	1.0
Margin money/ security against guarantees/ commitments	-	-	2.2
Security deposits	-	-	760.9
Cash and cash equivalents	-	-	79,253.7
Bank balances other than cash and cash equivalents	-	-	20,040.1
Interest accrued on investments / balances with banks	-	-	316.0

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2018		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Refund due from government authorities	-	-	2,079.4
Derivatives designated as hedges	-	-	-
Other financial assets	-	-	1,901.7
Mandatorily measured :			
Derivatives not designated as hedges	783.5	-	-
Total	**11,289.8**	**57,921.0**	**205,846.8**
Financial liabilities			
Borrowings	-	-	97,517.9
Current maturities of long-term debt and finance lease obligations	-	-	6,334.8
Trade payables	-	-	47,662.0
Interest accrued	-	-	344.6
Unpaid dividends	-	-	86.4
Security deposits	-	-	151.3
Payable on purchase of property, plant and equipment	-	-	4,141.2
Derivatives designated as hedges	-	35.8	-
Other financial liabilities	-	-	2,455.9
Mandatorily measured :			
Derivatives not designated as hedges	143.7	-	-
Total	**143.7**	**35.8**	**158,694.1**

NOTE : 45 FAIR VALUE HIERARCHY

Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period

₹ in Million

	As at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets			
Investments			
Equity instruments - quoted #	5,455.7	-	-
Equity instruments - unquoted	-	-	71.9
Bonds/debentures - quoted	35,486.2	-	-
Government securities - quoted	556.9	-	-
Mutual funds - unquoted	5,621.2	-	-
Others - quoted	22,098.9	-	-
Others - unquoted	-	7,309.1	-
Derivatives designated as hedges	-	559.6	-
Derivatives not designated as hedges	-	254.2	-
Total	**69,218.9**	**8,122.9**	**71.9**
Financial liabilities			
Derivatives not designated as hedges	-	144.3	-
Derivatives designated as hedges	-	267.5	-
Total	**-**	**411.8**	**-**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2018		
	Level 1	Level 2	Level 3
Financial assets			
Investments			
Equity instruments - quoted #	4,394.0	-	-
Equity instruments - unquoted	-	-	22.5
Bonds/debentures - quoted	27,803.1	-	-
Government securities - quoted	326.3	-	-
Mutual funds - unquoted	5,177.2	-	-
Others - quoted	25,397.6	-	-
Others - unquoted	-	5,306.6	-
Derivatives designated as hedges	-	-	-
Derivatives not designated as hedges	-	783.5	-
Total	**63,098.2**	**6,090.1**	**22.5**
Financial liabilities			
Derivatives not designated as hedges	-	143.7	-
Derivatives designated as hedges	-	35.8	-
Total	-	**179.5**	-

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.

The 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 Group 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 consolidated statement of profit and 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, 2019	Year ended March 31, 2018
Unlisted shares valued at fair value		
Balance at the beginning of the year	22.5	901.7
Purchases	53.5	7.4
Others including disposal / settlements / charge / exchange fluctuation to consolidated statement of profit and loss	(4.1)	(886.6)
Balance at the end of the year	**71.9**	**22.5**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

NOTE : 46 CAPITAL MANAGEMENT

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments as presented on the face of the consolidated financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

(i) Debt equity ratio

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Debt (includes non-current borrowings, current borrowings, current maturities of finance lease obligations and current maturities of long-term debt)	105,143.6	103,852.7
Less : cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments	111,827.1	139,770.2
Net debt	(6,683.5)	(35,917.5)
Total equity, including reserves	447,226.0	421,982.7
Net debt to total equity ratio	N.A.	N.A.

(ii) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Dividend on equity shares		
Final dividend for the year ended March 31, 2018 of ₹ 2.0 (year ended March 31, 2017: ₹ 3.5) per fully paid share	4,791.6	7,977.4
Dividend distribution tax on above	984.9	1,624.0

Dividends not recognised at the end of the reporting period

The Board of Directors at it's meeting held on May 28, 2019 have recommended payment of final dividend of ₹ 2.75 per share of face value of ₹ 1 each for the year ended March 31, 2019. The same amounts to ₹ 6,598.2 Million.

This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.

NOTE : 47 FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

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

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

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	86,212.4	75,974.0
180 - 365 days	976.4	2,781.2
beyond 365 days	3,899.3	2,540.5
	91,088.1	**81,295.7**

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	3,142.9	2,109.9
Addition	268.2	1,358.0
Recoveries / reversals	(1,165.0)	(325.0)
Balance at the end of the year	**2,246.1**	**3,142.9**

Other than trade receivables, the Group has no significant class of financial assets that is past due but not impaired. The Group has recognised an allowance of ₹ 9.8 Million (March 31, 2018 : ₹ 4.5 Million) against a past due loan including interest.

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

The Group had unutilised working capital lines from banks of ₹ 42,377.3 Million as on March 31, 2019, ₹ 47,081.4 Million as on March 31, 2018.

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

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	Total as at March 31, 2019
Non derivative				
Borrowings	90,062.3	13,238.6	2,023.2	105,324.1
Trade payables	41,478.7	-	-	41,478.7
Other financial liabilities	3,671.9	10.2	-	3,682.1
	135,212.9	**13,248.8**	**2,023.2**	**150,484.9**
Derivatives	391.4	20.4	-	411.8

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	Total as at March 31, 2018
Non derivative				
Borrowings	87,043.5	13,796.2	3,936.8	104,776.5
Trade payables	47,662.0	-	-	47,662.0
Other financial liabilities	6,862.9	316.5	-	7,179.4
	141,568.4	**14,112.7**	**3,936.8**	**159,617.9**
Derivatives	179.5	-	-	179.5

Market risk

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

Foreign exchange risk

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

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

₹ in Million

	As at March 31, 2019					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Financial assets						
Trade receivables	36,986.2	3,809.9	2,480.4	4,427.5	2,908.2	50,612.2
Cash and cash equivalents	2,117.9	1,192.0	28.2	-	502.4	3,840.5
	39,104.1	**5,001.9**	**2,508.6**	**4,427.5**	**3,410.6**	**54,452.7**
Financial liabilities						
Borrowings	62,850.4	1,371.7	-	-	-	64,222.1
Trade payables	11,942.6	2,281.6	83.7	158.7	291.1	14,757.7
	74,793.0	**3,653.3**	**83.7**	**158.7**	**291.1**	**78,979.8**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2018					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Financial assets						
Trade receivables	11,716.2	3,600.3	2,096.4	5,759.4	2,058.2	25,230.5
Cash and cash equivalents	253.6	549.9	114.0	-	3.2	920.7
	11,969.8	**4,150.2**	**2,210.4**	**5,759.4**	**2,061.4**	**26,151.2**
Financial liabilities						
Borrowings	34,077.3	1,609.4	-	-	-	35,686.7
Trade payables	8,620.1	2,778.9	3.0	185.3	418.1	12,005.4
	42,697.4	**4,388.3**	**3.0**	**185.3**	**418.1**	**47,692.1**

b) **Sensitivity**

For the years ended March 31, 2019 and March 31, 2018 every 5% strengthening in the exchange rate between the Indian rupee and the respective major currencies for the above mentioned financial assets/liabilities would increase Group's profit and increase in Group's equity by approximately ₹ 1,226.4 Million and ₹ 1,077.0 Million respectively. A 5% weakening of the Indian rupee and the respective major currencies would lead to an equal but opposite effect.

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

c) **Derivative contracts**

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

Hedges of highly probable forecasted transactions

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

In respect of the aforesaid hedges of highly probable forecasted transactions, the Group has recorded a gain of ₹ 539.0 Million for the year ended March 31, 2019 and loss of ₹ 75.7 Million for year ended March 31, 2018 in other comprehensive income. The Group also recorded hedges as a component of revenue, loss of ₹ 22.5 Million for year ended March 31, 2019 and gain of ₹ 47.6 Million for year ended March 31, 2018 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 consolidated 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 consolidated statement of profit and loss.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

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, 2019	As at March 31, 2018
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	INR	ZAR 480.0	-
Forward contracts	USD	Sell	INR	USD 120.5	-
Forward contracts	USD	Buy	JPY	USD 17.4	USD 31.7
Forward contracts	USD	Sell	NIS	USD 57.0	-
Derivatives not designated as hedges					
Forward contracts	USD	Buy	INR	USD 27.3	USD 18.2
Forward contracts	AUD	Sell	USD	USD 7.4	USD 8.2
Forward contracts	RUB	Sell	USD	USD 4.5	USD 5.0
Forward contracts	GBP	Sell	USD	USD 4.9	USD 2.8
Forward contracts	EUR	Sell	USD	USD 9.8	-
Forward contracts	ZAR	Sell	USD	-	USD 21.0
Forward contracts	CAD	Sell	USD	-	USD 3.6
Currency cum interest rate swaps	USD	Buy	INR	USD 50.0	USD 50.0
Currency options	USD	Buy	INR	-	USD 100.0
Interest rate swaps (Floating to fixed)	USD	Buy	USD	USD 50.0	USD 150.0
Interest rate swaps (Floating to fixed)	USD	Buy	USD	USD 125.0	-
Forward contracts	USD	Sell	NIS	USD 6.8	USD 52.2
Forward contracts	USD	Sell	CAD	USD 69.5	USD 53.4
Forward contracts	USD	Sell	HUF	USD 4.2	USD 4.5
Forward contracts	RUB	Sell	RON	RON 15.2	RON 4.8
Forward contracts	RON	Buy	RUB	RON 6.9	-
Forward contracts	USD	Sell	RON	USD 20.0	-
Currency swaps	USD	Sell	RON	USD 9.1	-

Interest rate risk

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

For the year ended March 31, 2019 and March 31, 2018, every 50 basis point decrease in the floating interest rate component applicable to its loans and borrowings would increase the Group's profit by approximately ₹ 330.7 Million and ₹ 162.2 Million respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Group's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Group's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2019, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 48 GOODWILL (NET):

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

₹ in Million

i)

	As at March 31, 2019	As at March 31, 2018
Goodwill in respect of:		
Sun Pharmaceutical Industries, Inc.	25,594.4	23,564.4
Sun Farmaceutica do Brasil Ltda.	387.4	427.1
Sun Pharma Japan Ltd.	128.2	125.5
Taro Pharmaceutical Industries Ltd.	13,098.5	12,311.0
Terapia SA	18,425.9	17,361.5
Ranbaxy Farmaceutica Ltda.	382.3	359.3
Basics GmbH	355.9	362.1
Insite Vision Incorporated	-	435.8
Zenotech Laboratories Limited	595.4	595.4
Sun Pharmaceutical Industries Limited	1,677.4	1,677.4
Ranbaxy South Africa (Pty) Ltd	3.3	3.8
JSC Biosintez	234.0	247.0
Sun Pharmaceutical Medicare Limited	1.0	1.0
Total (A)	**60,883.7**	**57,471.3**
Less:		
Capital reserve in respect of :		
Alkaloida Chemical Company Zrt.	1,237.3	1,319.2
Ranbaxy Nigeria Limited	1.5	1.4
Sun Pharmaceutical Industries Limited	27.5	27.5
Ranbaxy Malaysia SDN. BHD.	59.7	56.1
Total (B)	**1,326.0**	**1,404.2**
Total (A-B)	**59,557.7**	**56,067.1**

ii) Below is the reconciliation of the carrying amount of goodwill:

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	56,067.1	55,362.2
Add: Due to acquisitions during the year	-	595.4
Add/ (less): Foreign currency translation difference	3,490.6	109.5
Closing balance	**59,557.7**	**56,067.1**

The carrying amount of goodwill are stated above. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The cash flow projections included estimates for five years developed using internal forecasts and terminal growth rate thereafter. The planning horizon reflects the assumptions for short to mid-term market developments. The average growth rate used in extrapolating cash flows beyond the planning period ranged from -10.0% to 5.5% for the year ended March 31, 2019. Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated on the weighted average cost of capital for respective CGU or group of CGUs. Discount rate used ranged from 2.6% to 7.9% for the year ended March 31, 2019. The management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Goodwill of Insite vision incorporated has been reallocated to Sun pharmaceuticals industries Inc. and now considered as a single CGU. Based on the impairment assessment, the Management has determined no impairment loss in the value of goodwill.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

NOTE : 49 DISCLOSURES MANDATED BY THE COMPANIES ACT, 2013 SCHEDULE III PART II BY WAY OF ADDITIONAL INFORMATION IS GIVEN IN ANNEXURE 'A'.

NOTE : 50 INCOME TAXES

Tax Reconciliation

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Reconciliation of tax expense		
Profit before tax	38,102.0	34,789.8
Income tax rate in India (%)	34.944%	34.608%
Income tax expense calculated at corporate tax rate	13,314.4	12,040.0
Effect of deduction claimed under chapter VI of Income Tax Act, 1961	(6,841.0)	(9,009.3)
Effect of income that is exempt from tax	(235.9)	(76.4)
Effect of expenses that are not deductible in determining taxable profit	1,371.0	122.5
Incremental deduction allowed on account of research and development costs and other allowances	(2,950.2)	(1,690.0)
Effect of income which is taxed at special rates	(1,129.4)	(2,236.0)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(205.1)	3,623.5
Effect of difference between Indian and foreign tax rates and non taxable subsidiaries	1,609.4	(767.5)
Effect of deferred tax expense on unrealised profits	(1,653.4)	856.0
Effect of deferred tax expense exceptional item (Refer note 74)	-	2,544.5
Tax payable under MAT	911.0	2,510.0
Others	1,818.1	1,193.2
Income tax expense recognised in consolidated statement of profit and loss	6,008.8	9,110.4

NOTE : 51 DEFERRED TAX

i) Deferred tax assets (Net)

₹ in Million

	Opening balance April 01, 2018	Profit/(loss) movement during the year *	Other comprehensive income movement during the year *	Closing balance March 31, 2019
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	4,703.3	1,131.2	(57.3)	5,777.2
Unabsorbed depreciation / carried forward losses	6,245.3	1,860.4	-	8,105.7
Inventory and other related items	4,009.1	2,185.4	-	6,194.5
Intangible assets	3,866.4	(89.7)	-	3,776.7
Others	3,937.7	(1,451.5)	-	2,486.2
	22,761.8	**3,635.8**	**(57.3)**	**26,340.3**
MAT credit entitlement	7,517.0	-	-	7,517.0
	30,278.8	**3,635.8**	**(57.3)**	**33,857.3**
Less : Deferred tax liabilities				
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	5,127.3	1,180.4	-	6,307.7
Others	1,078.2	(13.3)	936.0	2,000.9
	6,205.5	**1,167.1**	**936.0**	**8,308.6**
	24,073.3	**2,468.7**	**(993.3)**	**25,548.7**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

ii) Deferred tax liabilities (Net)

₹ in Million

	Opening balance April 01, 2018	Profit/(loss) movement during the year *	Other comprehensive income movement during the year *	Closing balance March 31, 2019
Deferred tax liabilities				
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax and others	1,881.3	(285.7)	-	1,595.6
Undistributed profits	984.5	(984.5)	-	-
	2,865.8	**(1,270.2)**	-	**1,595.6**
Less : Deferred tax assets				
Expenses claimed for tax purpose on payment basis	267.5	(128.0)	(22.5)	117.0
Others	408.7	(274.2)	9.1	143.7
	676.2	**(402.2)**	**(13.3)**	**260.7**
MAT credit entitlement	-	292.2	-	292.2
	676.2	**(110.0)**	**(13.3)**	**552.9**
	2,189.6	**(1,160.2)**	**13.3**	**1,042.8**

* Movement during the year includes foreign currency translation difference amounting to ₹ 1,598.1 Million gain for the year ended March 31, 2019.

iii) Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Tax losses (includes capital in nature)	88,027.8	93,120.3
Unabsorbed depreciation	38,885.4	31,260.2
Unused tax credits (including MAT credit entitlement)	8,034.7	7,606.1
Deductible temporary differences	20,881.4	22,933.0
	155,829.3	**154,919.6**

The unused tax credits will expire from financial year 2022-23 to financial year 2033-34 and unused tax losses will expire from financial year 2019-20 to 2031-32. In case of certain overseas subsidiaries which have tax losses and unused tax credits, the amount is not material and there is no expiry period for tax losses and unused tax credits.

NOTE : 52 EARNINGS PER SHARE

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year (₹ in Million) - used as numerator for calculating earnings per share	26,654.2	20,957.0
Weighted average number of shares used in computing basic earnings per share (A)	2,399,326,681	2,399,296,653
Add: Dilution effect of employee stock option (B)	3,575	65,420
Weighted average number of shares used in computing diluted earnings per share (A+B)	**2,399,330,257**	**2,399,362,073**
Nominal value per share (in ₹)	1	1
Basic earnings per share (in ₹)	11.1	8.7
Diluted earnings per share (in ₹)	11.1	8.7

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 53 SEGMENT REPORTING

The Chief Operating Decision Maker ('CODM') evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group's reportable segments are as follows:

1. India
2. United States of America
3. Emerging markets
4. Rest of world

The reportable segments derives their revenues from the sale of pharmaceuticals products (generics, speciality, API, etc.). The CODM reviews revenue as the performance indicator. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

Revenue by Geography

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
India	78,166.7	84,102.0
United States of America	109,360.1	88,635.4
Emerging markets	58,698.0	52,221.6
Rest of world	40,638.0	35,700.4
	286,862.8	**260,659.4**

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

Concentration of revenues from one customer of the Group was 25.7% and 30.6% of total revenue for the year ended March 31, 2019 and March 31, 2018 respectively.

NOTE : 54 REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018 which does not require restatement of comparative period. The Company elected to apply the standard to all contracts as at April 01, 2018. Accordingly, an adjustment of ₹ 6,493.0 Million was recognised to retained earnings as on April 01, 2018. Further, during the financial year 2018-19 the Group has recorded an additional amount of ₹ 493.7 Million as deferred revenue pursuant to the requirements of Ind AS 115. The performance obligation in respect of amount recorded in retained earnings and for amount recognised as deferred revenue is yet to be completed. Revenue of ₹ 628.9 Million has been recognised as Revenue from contract with customer in financial year 2018-2019 pursuant to completion of performance obligation in respect of the above contracts.

The reconciling items of revenue recognised in the consolidated statement of profit and loss with the contracted price are as follows:

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue as per contracted price, net of returns	559,578.1	507,767.1
Less :		
Provision for sales return	(7,664.8)	(7,758.4)
Chargebacks, Rebates, discounts and others	(265,050.5)	(239,349.3)
	(272,715.3)	(247,107.7)
Revenue from contracts with customers	**286,862.8**	**260,659.4**

Revenue from contracts with customers include sales made to Aditya Medisales Limited amounting to ₹ 73,609.2 Million (March 31, 2018: ₹ 79,765.6 Million).

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Contract balances		
Trade receivables	88,842.0	78,152.8
Contract assets	-	-
Contract liabilities	8,487.9	470.2

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed.
The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

NOTE : 55 LEASES

(a) The Group has given certain premises and plant and machinery under operating lease or leave and license agreements. Periods range between 11 months to 10 years under leave and license and include both cancellable and non-cancellable. The Group has received refundable interest free security deposits, where applicable, in accordance with agreed terms.

(b) The Group has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. Periods range between 11 months to 10 years under leave and license and include both cancellable and non-cancellable. The Group has given refundable interest free security deposits in accordance with the agreed terms. These refundable security deposits have been valued at amortised cost under relevant Ind AS.

(c) Lease receipts/payments are recognised in the consolidated statement of profit and loss under "Lease rental and hire charges" and "Rent" in note 32 and note 37 respectively.

(d) Operating lease

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
(i) Group as lessee		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	261.9	317.4
later than one year and not later than five years	617.3	725.5
later than five years	458.4	80.7
(ii) Group as lessor		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	155.5	143.0
later than one year and not later than five years	338.3	401.1
later than five years	-	58.4

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

(e) Finance lease

₹ in Million

		Year ended March 31, 2019	Year ended March 31, 2018
(i)	Group as lessee		
	The future minimum lease payments under non-cancellable finance lease		
	not later than one year	434.3	317.1
	later than one year and not later than five years	1,256.7	1,003.7
	later than five years	-	341.6
	Less: Unearned finance charges	344.7	400.6
	Present value of minimum lease payments payable		
	not later than one year	349.0	228.5
	later than one year and not later than five years	997.4	740.3
	later than five years	-	293.1

NOTE : 56 EMPLOYEE BENEFITS PLANS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Corporation (ESIC) and other Funds which covers all regular employees of the Parent and Indian subsidiaries. While the employees and the Parent and Indian subsidiaries make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other statutory funds are made only by the Parent and Indian subsidiaries. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 947.7 Million (March 31, 2018 : ₹ 886.6 Million).

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to Provident Fund and Family Pension Fund	838.8	764.5
Contribution to Superannuation Fund	64.9	72.7
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	43.1	48.7
Contribution to Labour Welfare Fund	0.9	0.7

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

Defined benefit plan

a) **Gratuity**

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

b) **Pension fund**

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

Risks

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

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

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

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

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

Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per the Parent and Indian subsidiaries rules with corresponding charge to the consolidated statement of profit and loss amounting to ₹ 446.7 Million (March 31, 2018 gain of ₹ 51.4 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

₹ in Million

	Year ended March 31, 2019		Year ended March 31, 2018	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Expense recognised in the consolidated statement of profit and loss (Refer note 35)				
Current service cost	-	345.9	-	360.6
Interest cost	67.7	256.8	66.0	251.0
Expected return on plan assets	-	(229.9)	-	(161.2)
Expense charged to the consolidated statement of profit and loss	67.7	372.8	66.0	450.4
Remeasurement of defined benefit obligation recognised in other comprehensive income				
Actuarial loss / (gain) on defined benefit obligation	64.9	(322.6)	(44.4)	(695.7)
Actuarial loss / (gain) on plan assets	-	26.7	-	(42.6)
Expense/(income) charged to other comprehensive income	64.9	(295.9)	(44.4)	(738.3)
Reconciliation of defined benefit obligations				
Obligations as at the beginning of the year	903.7	3,426.2	969.5	3,682.3
Current service cost	-	345.9	-	360.6
Interest cost	67.7	256.8	66.0	251.0
Liability transferred in/ acquisitions	-	-	-	1.6
Benefits paid	(87.0)	(291.0)	(87.4)	(173.6)
Actuarial (gains)/losses on obligations				
due to change in demographic assumptions	-	(17.8)	-	(160.9)
due to change in financial assumptions	35.7	(223.6)	(50.0)	(575.4)
due to experience	29.2	(81.2)	5.6	40.6
Obligation as at the year end	949.3	3,415.3	903.7	3,426.2

₹ in Million

	As at March 31, 2019	As at March 31, 2018
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the consolidated balance sheet		
Present value of commitments (as per actuarial valuation)	3,415.3	3,426.2
Fair value of plan assets	(3,385.7)	(3,068.8)
Net liability recognised in the consolidated financial statement	29.6	357.4

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of plan assets		
Plan assets as at the beginning of the year	3,068.8	2,365.4
Expected return	229.9	161.2
Actuarial gain/(loss)	(26.7)	42.6
Employer's contribution during the year	404.7	673.2
Benefits paid	(291.0)	(173.6)
Plan assets as at the year end	3,385.7	3,068.8

SUN PHARMA

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

	As at March 31, 2019		As at March 31, 2018	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Assumptions :				
Discount rate	7.10%	In range of 7.10% to 7.50%	7.50%	In range of 7.50% to 7.70%
Expected return on plan assets	N.A.	7.10%	N.A.	7.50%
Expected rate of salary increase	N.A.	In range of 7.00% to 10.00%	N.A.	In range of 7.00% to 11.65%
Interest rate guarantee	N.A.	N.A.	N.A.	N.A.
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Morality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Morality (2006-08)
Employee turnover	N.A.	In range of 8.21% to 15.80%	N.A.	15.00%
Retirement age (years)	N.A.	58 to 60	N.A.	58 to 60

₹ in Million

	As at March 31, 2019		As at March 31, 2018	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity analysis:				
The sensitivity analysis have been determined based on method that extrapolates the impact on defined benefit obligation as a reasonable change in key assumptions occuring at the end of the reporting period.				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	(76.3)	(172.5)	(68.2)	(155.8)
Delta effect of -1% change in discount rate	85.5	191.1	80.2	173.1
Delta effect of +1% change in salary escalation rate	-	184.8	-	164.9
Delta effect of -1% change in salary escalation rate	-	(170.3)	-	(151.5)
Delta effect of +1% change in rate of employee turnover	-	(26.0)	-	(40.5)
Delta effect of -1% change in rate of employee turnover	-	28.6	-	44.6
Maturity analysis of projected benefit obligation for next				
1st year	88.4	698.8	87.4	560.3
2nd year	87.5	474.9	100.3	390.2
3rd year	86.7	469.1	115.2	397.7
4th year	85.8	414.2	132.3	389.4
5th year	84.8	398.5	151.9	355.1
Thereafter	2,143.7	2,908.1	174.4	1,496.9
The major categories of plan assets are as under:				
Central government securities	-	9.9	-	9.9
Bonds and securities of public sector / financial institutions	-	67.3	-	67.3
Insurer managed funds (Funded with LIC, break-up not available)	-	2,358.1	-	2,977.6
Surplus fund lying uninvested	-	950.4	-	14.0

The contribution expected to be made by the Parent and Indian subsidiaries for gratuity, during financial year ending March 31, 2020 is ₹ 334.2 Million (Previous year : ₹ 384.8 Million).

In the United States, the Company sponsors a defined contribution 401(k) retirement savings plan for all eligible employees who meet minimum age and service requirements. The Company has no further obligations under the plan beyond its annual matching contributions.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 57 Taro Pharmaceutical Industries Ltd and its Israeli subsidiaries are required to make severance or pension payments to dismissed employees and to employees terminating employment under certain other circumstances. Deposits are made with a pension fund or other insurance plans to secure pension and severance rights for the employees in Israel.

NOTE : 58 EMPLOYEE SHARE-BASED PAYMENT PLANS

The Company operates employee stock option scheme namely, SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) for the grant of stock options to the eligible personnel. Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

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

	March 31, 2019			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	263,680	270.0-562.5	450.3	1.5
Exercised during the year $	(11,790)	270.0-562.5	324.9	-
Lapsed during the year	(93,151)	270.0-562.5	275.0	-
Outstanding at the end of the year *	158,739	562.5	562.5	0.9
Exercisable at the end of the year *	158,739	562.5	562.5	0.9

* Includes options exercised, pending allotment

$ Weighted average share price on the date of exercise ₹ 492.6

	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 ₹ 565.1

NOTE : 59 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹ 241.5 Million (March 31,2018 : ₹ 209.6 Million).

NOTE : 60 The Group does not have any material associates or joint ventures warranting a disclosure in respect of individual associate or joint venture. The Group's share of other comprehensive income is ₹ Nil (March 31, 2018: ₹ Nil) in respect of such associates and joint ventures. The unrecognised share of loss of ₹ Nil (March 31, 2018: ₹ Nil) in respect of such associates and joint ventures.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 61 In respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, provision has been made, which would be required to settle the obligation. The said provisions are made as per the best estimate of the management and disclosure as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets" has been given below:

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
	Product and Sales related *	Product and Sales related *
Opening balance	50,165.4	46,903.6
Add: Provision for the year	67,645.3	75,553.7
Add: Unwinding of discounts on provisions	46.7	265.8
Less: Utilisation/settlement/reversal^	(92,913.1)	(73,573.0)
Add/(less): Foreign currency exchange fluctuation	2,044.7	1,015.3
Closing balance	26,989.0	50,165.4

* Includes provision for trade commitments, discounts, rebates, price reductions, product returns, chargeback, medicaids, contingency provision and clawback.

^ Includes reversal of provision towards supply of pharmaceutical products at a discounted price. (Refer note 65)

NOTE : 62 In respect of an antitrust litigation, relating to a product Modafinil, the Company and one of its wholly-owned subsidiaries had previously entered into settlements with certain plaintiffs (Apotex Corporation, Retailer Purchasers and end-payor plaintiffs) for an aggregate amount of USD 150.5 Million. The equivalent Indian rupee liability of ₹ 9,505.0 Million and ₹ 240.0 Million was provided in the books of account in year ended March 31, 2018. The amount of ₹ 9,505.0 Million was disclosed as an exceptional item.

During the current financial year, the Company has entered into settlement agreement with the Direct Purchaser Plaintiffs; while continuing to litigate as well as negotiate the case with the remaining one plaintiff. The Company has accounted for ₹ 12,143.8 Million towards the settlement agreement and a likely amount payable to remaining plaintiff in the antitrust litigation relating to the product Modafinil.

NOTE : 63

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

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

c) In December 2015, the US-FDA issued a warning letter to the manufacturing facility at Halol.
Post the November 2016 inspection, the US-FDA had re-inspected the Halol facility and cleared the Halol site from the warning letter in June 2018. Since then, the US-FDA has started approval of products filed from Halol facility.

d) In September 2013, the US-FDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015).
In March 2017, the US-FDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The Mohali facility continues to demonstrate sustainable cGMP compliance as required by the consent decree. The Company continues to manufacture and distribute products to the U.S from this facility.

NOTE : 64 The Group vide its press release dated January 22, 2019, had announced the transition of India domestic formulations distribution business from Aditya Medisales Limited (AML), to a wholly owned subsidiary of

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

Sun Pharma Laboratories Limited. Accordingly, a new wholly owned subsidiary, Sun Pharma Distributors Limited (SPDL), was incorporated on March 19, 2019. The phased transition to SPDL will be completed post receipt of all requisite regulatory approvals. During the quarter ended March 31, 2019 , the Group pursuant to this decision has taken over its unsold inventory amounting to ₹ 7161.5 Million from AML. The above-mentioned transition and change in distribution arrangement has led to one-time reduction in sales and consequent reduction in profit for the year ended on March 31, 2019. Pending receipt of regulatory approvals by SPDL in different jurisdictions for sale of pharmaceutical products, AML would act as an agent for the India domestic formulation business.

NOTE : 65 On February 14, 2014, an agreement ("supply contract") was entered with Atlas Global Trading ("Atlas"), wherein, in lieu of Atlas agreeing to bear damages to the tune of USD 400 Million on account of patent infringement of generic version of "Protonix", the Company agreed to supply pharmaceutical products at a discounted price for a specified period. Accordingly, a provision towards estimated liability was accounted for in FY 2013-14.

However, due to US-FDA cGMP issues at SPIL's Halol facility, the Company was not able to adhere to the agreed supply schedule. Therefore, in FY 2017-18, Sun Pharma Global FZE, a wholly owned subsidiary, had funded Atlas towards this non-fulfilment of supply obligations. The said funding was included in Loans schedule of the Group's FY 2017-18 consolidated financial statements.

During the current financial year, the parties agreed that Atlas would assign the rights and obligation under the supply contract to Sun Laboratories FZE, wholly owned subsidiary. Consequently, on March 27, 2019, Atlas assigned its rights and obligations arising from this supply contract to a wholly owned subsidiary of the Company on the same terms and conditions and settled the loan. Accordingly, provision towards supply of pharmaceutical products at a discounted price and the rights and obligations acquired by the subsidiary has been eliminated in the consolidated financial statements.

NOTE : 66 Pursuant to the scheme of arrangement, as approved by the National Company Law Tribunal, Ahmedabad Bench on October 31, 2018, unbranded generic pharmaceutical undertaking of Sun Pharma Global FZE, a wholly owned subsidiary, has been transferred to the Company w.e.f April 01, 2017. Consequently, effect of the scheme including the tax impact has been given in the consolidated financial statements in accordance with Ind AS 103 – Business Combinations. The comparatives have been restated to give effect to the merger.

NOTE : 67 DETAILS OF LONG-TERM BORROWINGS AND CURRENT MATURITIES OF LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS [INCLUDED UNDER OTHER FINANCIAL LIABILITIES (CURRENT)]

A Secured term loan from other parties:

Secured term loan from department of biotechnology of ₹ 108.2 Million (March 31, 2018: ₹ 108.2 Million) has been secured by hypothecation of movable assets of the Parent Company. The loan is repayable in 10 equal half yearly installments commencing from December 14, 2019, last installment is due on June 14, 2024.

B Lease obligations of ₹ 1,346.4 Million (March 31, 2018: ₹ 1,261.9 Million) [included in non-current borrowing March 31, 2019: ₹ 997.4 Million (March 31, 2018: ₹ 1,033.4 Million) and March 31, 2019: ₹ 349.0 Million (March 31, 2018: ₹ 228.5 Million) in current maturities of long term finance lease obligations] repayable by FY 2020-24 is secured against assets taken on finance lease.

C Term loan from banks:

Secured

(i) Loan of USD Nil equivalent to ₹ Nil (March 31, 2018: USD 16.7 Million equivalent ₹ 1,086.5 Million [Included in non-current borrowing March 31, 2019: ₹ Nil (March 31, 2018: ₹ 1,035.3 Million) and March 31, 2019: ₹ Nil (March 31, 2018: ₹ 51.2 Million) in current maturities of long term debt], which has been repaid in current year.

Unsecured

(i) Unsecured External Commercial Borrowings (ECBs) has 6 loans aggregating of USD 290 Million (March 31, 2018: USD 256 Million) equivalent to ₹ 20,036.1 Million (March 31, 2018: ₹ 16,622.1 Million). For the ECB loans outstanding as at March 31, 2019, the terms of repayment for borrowings are as follows:

a) USD 50 Million (March 31, 2018 : USD 50 Million) equivalent to ₹ 3,454.5 Million (March 31, 2018 : ₹ 3,246.5 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.

b) USD 100 Million (March 31, 2018 : USD 100 Million) equivalent to ₹ 6,909.0 Million (March 31, 2018 : ₹ 6,493.0 Million). The loan was taken on June 04, 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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

c) USD 50 Million (March 31, 2018 : USD 50 Million) equivalent to ₹ 3,454.5 Million (March 31, 2018 : ₹ 3,246.5 Million). The loan was taken on August 11, 2015 and is repayable on August 08, 2019.

d) USD 10 Million (March 31, 2018 : USD 26 Million) equivalent to ₹ 690.9 Million (March 31, 2018 : ₹ 1,688.2 Million). The loan was taken in tranches of USD 16 Million on March 24, 2017 and USD 10 Million on June 30, 2017. The first installment of USD 16 Million has been repaid during the year ended March 31, 2019 and last installment of USD 10 Million is due on June 28, 2019.

e) USD 30 Million (March 31, 2018 : USD 30 Million) equivalent to ₹ 2,072.7 Million (March 31, 2018 : ₹ 1,947.9 Million). The loan was taken on September 08, 2017 and is repayable on September 07, 2020.

f) USD 50 Million (March 31, 2018 : USD Nil) equivalent to ₹ 3,454.5 Million (March 31, 2018 : ₹ Nil). The loan was taken on October 03, 2018 and is repayable in 2 equal installments of USD 25 Million each. The first installment of USD 25 Million is due on October 01, 2021 and last installment of USD 25 Million is due on October 03, 2022.

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 (2.96% as at March 31, 2019) and secured loan from department of biotechnology have been availed at a range from 2% to 3%.

D Unsecured debentures:

₹ Nil (March 31, 2018: ₹ 5,000 Million) rated unsecured listed redeemable non-convertible debentures at a coupon rate of 7.94% p.a. were issued by Sun Pharma Laboratories Limited ("SPLL" - the wholly owned subsidiary) on December 23, 2015. Following are the details:

	Face value (₹)	Redemption amount (₹ in Million)	Date of redemption
Rated unsecured listed redeemable 5,000 Non-Convertible debentures Series 2 (redeemed during the year)	1,000,000	5,000.0	March 22, 2019
Rated unsecured listed redeemable 5,000 Non-Convertible debentures Series 1 (redeemed during the previous year)	1,000,000	5,000.0	December 22, 2017

The Company has not defaulted on repayment of loan and interest payment thereon during the year.

NOTE : 68 DETAILS OF SECURITIES FOR CURRENT BORROWINGS ARE AS UNDER:

Borrowings made by overseas subsidiaries are supported by the letters of awareness issued by the Parent Company.

NOTE : 69 LOANS/ADVANCES DUE FROM AN ASSOCIATE

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Interest bearing with specified repayment schedule:		
Medinstill LLC		
Considered good	283.3	-
	283.3	-

Loans have been granted to the above entity for the purpose of its business.

NOTE : 70

a) Sun Pharma Global FZE, a subsidiary of the Parent Company holds 23.35% in the capital of Enceladus Pharmaceutical B.V. However, as Sun Pharma Global FZE does not have any 'Significant Influence' in Enceladus Pharmaceutical B.V., as is required under Ind AS 28 - "Investments in Associates and Joint Ventures", the said investment in Enceladus Pharmaceutical B.V. has not been consolidated as an "Associate Entity".

b) The Parent Company holds 24.91% in the capital of Shimal Research Laboratories Limited. However, as the Parent Company does not have any 'Significant Influence' in Shimal Research Laboratories Limited, as is required under Ind AS 28 - "Investments in Associates and Joint Ventures", the said investment in Shimal Research Laboratories Limited has not been consolidated as an "Associate Entity".

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 71 Post implementation of Goods and Service Tax ("GST") with effect from July 01, 2017, revenue from contracts with customers is disclosed net of GST. Revenue from contracts with customers for the previous year included excise duty which was subsumed in GST. Revenue from contracts with customers for the year ended March 31, 2018 includes excise duty for the period ended June 30, 2017. Accordingly, revenue from contracts with customers for the year ended March 31, 2019 are not comparable with year ended March 31, 2018.

Note 72 DISCLOSURE OF A SUBSIDIARY THAT HAS NON-CONTROLLING INTEREST THAT IS MATERIAL TO THE GROUP

Name of Subsidiary	Principal place of business	Country of incorporation	Nature*	As at March 31, 2019	As at March 31, 2018
Taro Pharmaceutical Industries Ltd. and its subsidiaries (TARO Group)	United States of America	Israel	Beneficial ownership	23.46%	25.18%
			Voting power	15.64%	16.79%

* Held by non-controlling interest

₹ in Million

Name of Subsidiary	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	Year ended March 31, 2019	Year ended March 31, 2018	As at March 31, 2019	As at March 31, 2018
TARO Group	4,862.7	4,284.6	30,992.5	36,811.1
Individually immaterial subsidiaries with non-controlling interests	561.7	183.4	2,142.9	2,030.5
Total	**5,424.4**	**4,468.0**	**33,135.4**	**38,841.6**

The summarised consolidated financial information of TARO Group before inter-company eliminations:

₹ in Million

	As at March 31, 2019	As at March 31, 2018
Consolidated balance sheet of TARO Group		
Non-current assets	46,813.3	43,974.4
Current assets	100,615.7	116,578.1
Non-current liabilities	(341.2)	(350.4)
Current liabilities	(14,980.2)	(14,010.4)

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Consolidated statement of profit and loss of TARO Group		
Total income	50,823.9	45,216.7
Total expenses	24,992.4	26,101.3
Profit after tax	20,161.1	16,551.7
Total comprehensive income for the year	17,149.2	18,691.8

₹ in Million

	Year ended March 31, 2019	Year ended March 31, 2018
Consolidated cash flows information of TARO Group		
Net cash genetrated from operating activities	23,010.1	21,318.0
Net cash generated from / (used in) investing activities	17,986.5	(15,576.7)
Net cash used in financing activities	(41,189.7)	(6,896.6)

Dividend paid by TARO during the year of USD 500 Million (March 31, 2018 : USD Nil).

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

NOTE : 73 The Board of Directors of the Company at its meeting held on May 25, 2018, had 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 w.e.f. April 01, 2017 of the specified investment undertaking 1 and 2 (as defined in the scheme of Arrangement) of the Company. The scheme shall be effective post receipt of requisite approvals and accordingly, the consolidated financial statements do not reflect the impact, if any, on account of the schemes.

NOTE : 74 Tax expense (exceptional) for the year ended March 31, 2018 includes deferred tax assets of ₹ 2,585.7 Million created on difference on tax and book value on intra-group transfer of certain intangibles. Further, it also includes an impact of ₹ 5,130.2 Million on account of re-measurement of the group's deferred tax assets as a result of the Tax Cut and Jobs Act enacted in United States of America on December 22, 2017.

NOTE : 75 RELATED PARTY DISCLOSURES (IND AS-24) - AS PER ANNEXURE 'B'.

NOTE : 76 BUSINESS COMBINATIONS

Pola Pharma Inc.

Pola Pharma Inc., Japan became a step down subsidiary of the Company with effect from January 01, 2019. Accordingly current year numbers includes Pola Pharma Inc. and hence are not comparable to the previous year numbers.

The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹ 228.0 Million.

The following assets and liabilities recognised as the date of acquisition on the basis of provisional purchase price allocation (at fair value).

	₹ in Million
Assets	
Property, plant and equipment	1,812.0
Other intangible assets	3.2
Deferred tax assets	712.9
Inventories	1,462.4
Trade receivables	3,004.1
Cash and cash equivalents	455.2
Other current assets	217.3
Total	**7,667.1**
Liabilities	
Other non-current liabilities	8.9
Trade payables	1,884.9
Other current liabilities	136.7
Provision	2,233.1
Current tax liabilities	1.3
Total	**4,264.9**
Net worth	**3,402.2**
Total identifiable assets at fair value	
Capital reserve	3,174.2
Total purchase price	**228.0**

From the date of acquisition, Pola Pharma Inc. has contributed revenue of ₹ 1,673.1 Million and profit before tax of ₹ 173.6 Million to the Group. If the business combinations had taken place at the beginning of the year, revenue would have been ₹ 7,733.2 Million and the profit before exceptional item and tax would have been ₹ 292.6 Million.

NOTE : 77 USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

a) Litigations (Refer note 2 (n) and note 40)

b) Revenue (Refer note 2 (o))

c) Impairment of goodwill and other intangible assets (Refer note 2 (g), (h) and 48)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

NOTE : 78 On November 23, 2016, Taro announced that its Board of Directors authorised a USD 250 Million share repurchase of ordinary shares, which was completed on January 11, 2019. Under the program, Taro bought back 2,493,378 of its ordinary shares in open market transactions at an average price of USD 100.28 per share. During the year ended March 31, 2019, the Taro repurchased 888,719 shares through the November 2016 program at an average price of USD 95.05 per share.

NOTE : 79 In March 2018, Taro reached a settlement with the tax authority, under which Taro is obligated to pay a reduced tax assessment of USD 15.0 Million, and Taro was permitted to record the unutilised capital loss, transfer intellectual property from Taro Pharmaceuticals North America, Inc. to Taro Pharmaceutical Industries Ltd. (Taro) and Taro Pharmaceutical Inc. and reorganise assets held by Taro subsidiaries without triggering an Israeli tax event (the "Settlement"). The Settlement settled all tax disputes between the parties for the tax years 2010 through 2014 as well as related tax issues with respect to the tax years 2015 through 2016, which years were not subject to the disputes.

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 28, 2019

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 28, 2019

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2018-19		2018-19		2018-19		2018-19	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
Parent Entity - Sun Pharmaceutical Industries Limited		51.1	228,436.1	30.7	8,166.0	11.9	1,837.4	23.8	10,003.4
Subsidiaries									
Indian									
1	Green Eco Development Centre Limited	0.0	0.9	(0.0)	(0.6)	-	-	(0.0)	(0.6)
2	Sun Pharma Laboratories Limited	43.5	194,396.9	12.3	3,280.9	0.2	36.1	7.9	3,317.0
3	Faststone Mercantile Company Private Limited	0.0	12.7	0.0	1.2	-	-	0.0	1.2
4	Neetnav Real Estate Private Limited	0.7	2,921.3	0.0	0.5	-	-	0.0	0.5
5	Realstone Multitrade Private Limited	0.0	11.8	0.0	0.3	-	-	0.0	0.3
6	Skisen Labs Private Limited	(0.0)	(0.1)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
7	Softdeal Trading Company Private Limited	0.0	11.2	0.0	0.3	-	-	0.0	0.3
8	Universal Enterprises Private Limited	0.0	5.3	(0.0)	(0.0)	-	-	(0.0)	(0.0)
9	Sun Pharmaceutical Medicare Limited	(0.1)	(484.7)	(1.5)	(402.1)	0.0	1.3	(1.0)	(400.8)
10	Zenotech Laboratories Limited	0.3	1,350.3	(0.8)	(203.1)	0.0	0.1	(0.5)	(203.0)
11	Sun Pharma Distributors Limited	0.0	1.4	(0.0)	(0.1)	-	-	(0.0)	(0.1)
12	Caraco Pharmaceuticals Private Limited	(0.0)	(0.1)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
Foreign									
1	Sun Pharmaceutical (Bangladesh) Limited	0.3	1,385.7	0.9	236.6	-	-	0.6	236.6
2	Sun Farmaceutica Do Brasil Ltda.	(0.6)	(2,476.3)	(1.6)	(413.9)	-	-	(1.0)	(413.9)
3	Sun Pharma De Mexico S.A. DE C.V.	0.2	964.5	0.9	238.1	-	-	0.6	238.1
4	SPIL De Mexico S.A. DE C.V.	0.0	0.2	-	-	-	-	-	-
5	Sun Pharmaceutical Peru S.A.C.	(0.0)	(158.9)	(0.0)	(4.6)	-	-	(0.0)	(4.6)
6	OOO "Sun Pharmaceutical Industries" Limited	(0.0)	(203.6)	(0.1)	(25.9)	-	-	(0.1)	(25.9)
7	Sun Pharma De Venezuela, C.A.	0.0	0.0	(0.0)	(7.9)	-	-	(0.0)	(7.9)
8	Ranbaxy Pharmacie Generiques	(0.6)	(2,482.5)	(1.4)	(382.5)	-	-	(0.9)	(382.5)
9	Ranbaxy (Malaysia) SDN. BHD.	0.3	1,412.0	2.0	535.8	-	-	1.3	535.8
10	Ranbaxy Nigeria Limited	0.0	73.7	(0.6)	(158.5)	-	-	(0.4)	(158.5)
11	Sun Pharma (Netherlands) B.V (Formerly Ranbaxy (Netherlands) B.V.)	13.5	60,425.2	27.9	7,447.3	7.8	1,191.2	20.5	8,638.5
12	Alkaloida Chemical Company Zrt.	10.6	47,552.6	81.8	21,811.6	-	-	51.9	21,811.6
13	Sun Pharmaceuticals UK Limited	-	-	(0.0)	(0.0)	-	-	(0.0)	(0.0)
14	Sun Pharmaceutical Industries (Australia) Pty Limited	0.3	1,168.3	(1.2)	(331.3)	-	-	(0.8)	(331.3)
15	Aditya Acquisition Company Ltd.	0.0	14.7	0.0	2.4	-	-	0.0	2.4
16	Sun Pharmaceutical Industries (Europe) B.V.	0.0	4.1	0.3	71.6	-	-	0.2	71.6

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2018-19		2018-19		2018-19		2018-19	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
17	Sun Pharmaceuticals Italia S.R.L.	0.0	43.0	(0.0)	(3.2)	-	-	(0.0)	(3.2)
18	Sun Pharmaceuticals Germany GmbH	(0.0)	(178.5)	0.1	22.0	-	-	0.1	22.0
19	Sun Pharmaceuticals France	(0.0)	(27.0)	(0.0)	(3.4)	-	-	(0.0)	(3.4)
20	Sun Pharma Global FZE (Consolidated with a Joint venture)	21.3	95,214.0	(23.9)	(6,362.9)*	(6.5)	(1,010.3)	(17.5)	(7,373.2)*
21	Sun Pharmaceuticals SA (Pty) Ltd.	(0.0)	(0.0)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
22	Sun Global Canada Pty. Ltd.	(0.0)	(1.5)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
23	Sun Pharma Philippines, Inc.	(0.1)	(502.8)	(0.1)	(34.3)	-	-	(0.1)	(34.3)
24	Sun Pharmaceuticals Korea Ltd.	0.0	4.2	(0.0)	(0.2)	-	-	(0.0)	(0.2)
25	Sun Global Development FZE	(0.0)	(15.5)	(0.8)	(201.7)	-	-	(0.5)	(201.7)
26	Sun Pharma Japan Ltd.	(0.5)	(2,015.8)	(1.9)	(516.8)	-	-	(1.2)	(516.8)
27	Sun Pharma HealthCare FZE	0.0	198.9	0.0	3.8	-	-	0.0	3.8
28	Sun Laboratories FZE	(0.0)	(150.3)	0.5	125.2	-	-	0.3	125.2
29	Taro Pharmaceutical Industries Ltd. (TARO) (Consolidated with its Subsidiaries)	29.5	132,107.7	75.6	20,161.1	(19.6)	(3,012.0)	40.8	17,149.1
30	Alkaloida Sweden AB	0.0	0.6	0.0	0.5	-	-	0.0	0.5
31	Sun Pharma Switzerland Ltd.	0.0	4.9	0.0	8.2	-	-	0.0	8.2
32	Sun Pharma Holdings	48.5	217,084.2	0.0	5.0	-	-	0.0	5.0
33	Sun Pharma East Africa Limited	(0.0)	(147.0)	0.0	12.6	-	-	0.0	12.6
34	Sun Pharma ANZ Pty Ltd	(0.1)	(264.6)	0.3	81.4	-	-	0.2	81.4
35	Ranbaxy Farmaceutica Ltda.	(0.3)	(1,234.4)	(0.9)	(243.1)	-	-	(0.6)	(243.1)
36	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	0.1	251.7	(0.1)	(34.9)	-	-	(0.1)	(34.9)
37	Sun Pharma Egypt Ltd LLC (Formerly known as Ranbaxy Egypt Ltd)	0.1	247.9	(0.6)	(165.1)	-	-	(0.4)	(165.1)
38	Rexcel Egypt LLC	(0.0)	(24.1)	(0.0)	(3.7)	-	-	(0.0)	(3.7)
39	Office Pharmaceutique Industriel Et Hospitalier	0.0	96.1	0.0	6.2	-	-	0.0	6.2
40	Basics GmbH	0.2	1,041.8	0.2	59.9	-	-	0.1	59.9
41	Ranbaxy GmbH	0.0	1.9	-	-	-	-	-	-
42	Ranbaxy Ireland Limited	0.1	543.0	(0.0)	(7.1)	-	-	(0.0)	(7.1)
43	Ranbaxy Italia S.P.A.	0.0	11.8	0.0	12.6	-	-	0.0	12.6
44	Sun Pharmaceutical Industries S.A.C.	(0.0)	(170.9)	(0.2)	(41.5)	-	-	(0.1)	(41.5)
45	Ranbaxy (Poland) SP. Z O.O.	0.0	202.5	0.1	19.7	-	-	0.0	19.7
46	Terapia SA	1.7	7,821.8	10.0	2,655.9	(0.0)	(1.3)	6.3	2,654.6
47	AO Ranbaxy	0.3	1,208.0	0.9	232.7	-	-	0.6	232.7
48	JSC Biosintez	0.2	788.6	(0.6)	(151.9)	-	-	(0.4)	(151.9)
49	Ranbaxy South Africa (Pty) Ltd (Consolidated with its Subsidiary)	0.2	854.5	(0.4)	(99.9)	-	-	(0.2)	(99.9)
50	Ranbaxy Pharmaceuticals (Pty) Ltd	0.4	1,702.3	0.7	178.1	-	-	0.4	178.1

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2018-19		2018-19		2018-19		2018-19	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
51	Be- Tabs Investments (Pty) Ltd	-	-	(0.0)	(0.0)	-	-	(0.0)	(0.0)
52	Laboratorios Ranbaxy, S.L.U.	0.1	415.5	0.3	77.4	-	-	0.2	77.4
53	Ranbaxy (U.K.) Limited	0.3	1,414.1	0.2	60.1	-	-	0.1	60.1
54	Ranbaxy Holdings (U.K.) Limited	0.6	2,775.3	0.0	0.6	-	-	0.0	0.6
55	Ranbaxy Europe Limited	-	-	(0.0)	(0.0)	-	-	(0.0)	(0.0)
56	Sun Pharmaceutical Holding USA Inc (Consolidated with its Subsidiaries and its Associate)	12.9	57,593.1	21.5	5,741.5#	(1.5)	(230.9)	13.1	5,510.6#
57	Ranbaxy (Thailand) Co., Ltd.	0.0	219.1	0.0	3.2	-	-	0.0	3.2
58	Sun Pharmaceuticals Morocco LLC	(0.0)	(39.8)	0.1	33.5	-	-	0.1	33.5
59	"Ranbaxy Pharmaceuticals Ukraine" LLC	0.1	245.8	0.3	82.4	-	-	0.2	82.4
60	Pola Pharma Inc. (Consolidated with its Subsidiary)	0.8	3,514.2	0.6	154.8	-	-	0.4	154.8
	Non controlling interest in all subsidiaries	7.4	33,135.4	(20.4)	(5,424.4)	(9.1)	(1,400.0)	(16.2)	(6,824.4)
	Intercompany Elimination and Consolidation Adjustments	(143.3)	(641,086.2)	(111.1)	(29,652.0)	116.8	17,988.3	(27.7)	(11,663.7)
	Total	**100.0**	**447,226.0**	**100.0**	**26,654.2**	**100.0**	**15,399.9**	**100.0**	**42,054.1**

Includes share of loss and share of TCI, from its associate of ₹ 140.5 Million

* Includes share of loss and share of TCI, from a joint venture of ₹ 7.5 Million

Note: The above amounts / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries, associates and joint ventures are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

(Annexure 'A')

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2017-18		2017-18		2017-18		2017-18	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
	Parent Entity - Sun Pharmaceutical Industries Limited	52.9	223,226.1	14.6	3,056.4	11.9	566.9	14.1	3,623.3
	Subsidiaries								
	Indian								
1	Green Eco Development Centre Limited	0.0	1.6	(0.0)	(0.1)	-	-	(0.0)	(0.1)
2	Sun Pharma Laboratories Limited	46.6	196,823.7	41.8	8,762.2	1.6	78.1	34.4	8,840.3
3	Faststone Mercantile Company Private Limited	0.0	11.5	0.0	0.4	-	-	0.0	0.4
4	Neetnav Real Estate Private Limited	0.7	2,920.9	0.0	0.6	-	-	0.0	0.6
5	Realstone Multitrade Private Limited	0.0	11.5	0.0	0.4	-	-	0.0	0.4
6	Skisen Labs Private Limited	0.0	0.0	0.0	0.0	-	-	0.0	0.0
7	Softdeal Trading Company Private Limited	0.0	11.0	0.0	0.4	-	-	0.0	0.4
8	Universal Enterprises Private Limited	0.0	5.3	0.0	0.0	-	-	0.0	0.0
9	Sun Pharmaceutical Medicare Limited	(0.0)	(83.9)	(0.3)	(61.4)	(0.2)	(11.5)	(0.3)	(72.9)
10	Zenotech Laboratories Limited	0.4	1,553.4	(0.8)	(159.0)**	0.0	0.5	(0.6)	(158.5) **
	Foreign								
1	Sun Pharmaceutical (Bangladesh) Limited	0.3	1,084.7	0.9	187.8	-	-	0.7	187.8
2	Sun Farmaceutica Do Brasil Ltda.	(0.5)	(2,289.9)	(1.0)	(199.1)	-	-	(0.8)	(199.1)
3	Sun Pharma De Mexico S.A. DE C.V.	0.2	717.1	1.1	223.5	-	-	0.9	223.5
4	SPIL De Mexico S.A. DE C.V.	0.0	0.2	-	-	-	-	-	-
5	Sun Pharmaceutical Peru S.A.C.	(0.0)	(149.3)	0.0	1.8	-	-	0.0	1.8
6	OOO "Sun Pharmaceutical Industries" Limited	(0.0)	(187.8)	(0.1)	(10.0)	-	-	(0.0)	(10.0)
7	Sun Pharma De Venezuela, C.A.	(0.0)	(2.6)	(0.0)	(0.7)	-	-	(0.0)	(0.7)
8	Ranbaxy Pharmacie Generiques	(0.5)	(2,199.2)	(1.2)	(257.9)	-	-	(1.0)	(257.9)
9	Ranbaxy (Malaysia) SDN. BHD.	0.2	877.7	2.2	455.7	-	-	1.8	455.7
10	Ranbaxy Nigeria Limited	0.1	211.2	(1.6)	(343.5)	-	-	(1.4)	(343.5)
11	Sun Pharma (Netherlands) B.V (Formerly Ranbaxy (Netherlands) B.V.)	12.5	52,694.6	(5.1)	(1,077.4)	3.0	143.1	(3.6)	(934.3)
12	Alkaloida Chemical Company Zrt.	5.8	24,387.2	(0.8)	(163.4)	-	-	(0.6)	(163.4)
13	Sun Pharmaceuticals UK Limited	0.0	0.0	0.5	95.2	-	-	0.4	95.2
14	Sun Pharmaceutical Industries (Australia) Pty Limited	0.4	1,512.7	(5.8)	(1,220.1)	-	-	(4.7)	(1,220.1)
15	Aditya Acquisition Company Ltd.	0.0	12.0	0.0	5.6	-	-	0.0	5.6
16	Sun Pharmaceutical Industries (Europe) B.V.	(0.0)	(66.0)	0.3	62.0	-	-	0.2	62.0
17	Sun Pharmaceuticals Italia S.R.L.	0.0	46.1	(0.0)	(0.9)	-	-	(0.0)	(0.9)
18	Sun Pharmaceuticals Germany GmbH	(0.0)	(207.2)	0.1	15.0	-	-	0.1	15.0

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2017-18		2017-18		2017-18		2017-18	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
19	Sun Pharmaceuticals France	(0.0)	(24.7)	(0.0)	(4.5)	-	-	(0.0)	(4.5)
20	Sun Pharma Global FZE (Consolidated with a Joint venture)	24.2	101,507.0	(27.2)	(5,706.5)*	22.6	1,073.1	(18.0)	(4,633.4)*
21	Sun Pharmaceuticals (SA) (Pty) Ltd.	(0.0)	(0.0)	0.0	0.1	-	-	0.0	0.1
22	Sun Global Canada Pty. Ltd.	(0.0)	(1.4)	(0.0)	(0.2)	-	-	(0.0)	(0.2)
23	Sun Pharma Philippines, Inc.	(0.1)	(441.5)	(0.2)	(38.4)	-	-	(0.1)	(38.4)
24	Sun Pharmaceuticals Korea Ltd.	0.0	4.4	0.0	0.0	-	-	0.0	0.0
25	Sun Global Development FZE	0.0	180.9	(0.0)	(0.7)	-	-	(0.0)	(0.7)
26	Sun Pharma Japan Ltd.	(0.4)	(1,480.3)	(4.6)	(950.6)	-	-	(3.7)	(950.6)
27	Sun Pharma HealthCare FZE	0.0	183.4	0.0	2.2	-	-	0.0	2.2
28	Sun Laboratories FZE	(0.1)	(265.1)	0.4	79.9	-	-	0.3	79.9
29	Taro Pharmaceutical Industries Ltd. (TARO) (Consolidated with its Subsidiaries)	34.6	146,191.6	79.0	16,551.7	45.0	2,140.0	72.7	18,691.7
30	Alkaloida Sweden AB	0.0	38.3	0.1	14.3	-	-	0.1	14.3
31	Sun Pharma Switzerland Ltd.	0.6	2,631.0	(0.0)	(4.7)	-	-	(0.0)	(4.7)
32	Sun Pharma Holdings	48.3	204,008.4	(0.2)	(29.5)	-	-	(0.1)	(29.5)
33	Sun Pharma East Africa Limited	(0.0)	(148.8)	(0.4)	(73.6)	-	-	(0.3)	(73.6)
34	Sun Pharma ANZ Pty Ltd	(0.1)	(348.2)	0.4	80.2	-	-	0.3	80.2
35	Ranbaxy Farmaceutica Ltda.	(0.3)	(1,103.7)	(0.4)	(89.2)	-	-	(0.3)	(89.2)
36	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	0.1	278.2	(0.3)	(62.6)	-	-	(0.2)	(62.6)
37	Sun Pharma Egypt Ltd LLC (Formerly known as Ranbaxy Egypt Ltd)	0.1	382.7	(0.1)	(22.0)	-	-	(0.1)	(22.0)
38	Rexcel Egypt LLC	(0.0)	(18.7)	(0.0)	(7.3)	-	-	(0.0)	(7.3)
39	Office Pharmaceutique Industriel Et Hospitalier	0.0	93.8	0.0	2.5	-	-	0.0	2.5
40	Basics GmbH	0.2	1,024.6	0.3	54.1	-	-	0.2	54.1
41	Ranbaxy GmbH	0.0	2.0	-	-	-	-	-	-
42	Ranbaxy Ireland Limited	0.1	571.0	(0.1)	(14.7)	-	-	(0.1)	(14.7)
43	Ranbaxy Italia S.P.A.	0.0	0.7	(0.0)	(6.5)	-	-	(0.0)	(6.5)
44	Sun Pharmaceutical Industries S.A.C.	(0.0)	(125.0)	(0.1)	(29.6)	-	-	(0.1)	(29.6)
45	Ranbaxy (Poland) SP. Z O.O.	0.0	194.8	0.1	11.8	-	-	0.0	11.8
46	Terapia SA	3.3	14,079.7	10.4	2,174.2	-	-	8.5	2,174.2
47	AO Ranbaxy	0.2	1,027.0	0.3	57.8	-	-	0.2	57.8
48	JSC Biosintez	0.2	994.4	(2.5)	(511.8)	-	-	(2.0)	(511.8)
49	Ranbaxy South Africa (Pty) Ltd (Consolidated with its Subsidiary)	0.3	1,225.3	1.4	307.9	-	-	1.2	307.9
50	Ranbaxy Pharmaceuticals (Pty) Ltd	(0.2)	(979.5)	0.9	183.1	-	-	0.7	183.1
51	Be- Tabs Investments (Pty) Ltd	0.0	19.8	-	-	-	-	-	-
52	Laboratorios Ranbaxy, S.L.U.	0.1	355.3	0.3	62.9	-	-	0.2	62.9
53	Ranbaxy (U.K.) Limited	0.3	1,383.9	0.3	55.7	-	-	0.2	55.7

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2017-18		2017-18		2017-18		2017-18	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
54	Ranbaxy Holdings (U.K.) Limited	0.7	2,832.7	-	-	-	-	-	-
55	Ranbaxy Europe Limited	0.0	0.0	(0.0)	(0.1)	-	-	(0.0)	(0.1)
56	Sun Pharmaceutical Holding USA Inc (Consolidated with its Subsidiaries, its associates and a Joint venture)	11.7	49,434.6	(26.1)	(5,466.9)#	-	-	(21.3)	(5,466.9)#
57	Ranbaxy (Thailand) Co., Ltd.	0.0	208.0	0.1	30.0	-	-	0.1	30.0
58	Sun Pharmaceuticals Morocco LLC	(0.0)	(72.9)	(0.2)	(31.2)	-	-	(0.1)	(31.2)
59	"Ranbaxy Pharmaceuticals Ukraine" LLC	0.0	158.6	0.2	48.0	-	-	0.2	48.0
Non controlling interest in all subsidiaries		9.2	38,841.6	(21.3)	(4,468.0)	(10.0)	(477.7)	(19.3)	(4,945.7)
Intercompany Elimination and Consolidation Adjustments		(151.9)	(641,783.8)	44.7	9,385.7	26.1	1,242.3	41.2	10,628.0
Total		**100.0**	**421,982.7**	**100.0**	**20,957.0**	**100.0**	**4,754.8**	**100.0**	**25,711.8**

Includes share of loss and share of TCI, from its associates and a joint venture of ₹ 382.7 Million

* Includes share of profit and share of TCI, from a joint venture of ₹ 7.6 Million

** With effect from July 27, 2017 Zenotech Laboratories Limited has cease to be an associate and has become subsidiary of Sun Pharmaceutical Industries Limited.

Note: The above amounts / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries, associates and joint ventures are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

(Annexure 'B')

IND AS- 24 - "RELATED PARTY DISCLOSURES"

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

a	**Key Managerial Personnel (KMP)**	
	Dilip S. Shanghvi	Managing Director
	Sudhir V. Valia	Wholetime Director
	Sailesh T. Desai	Wholetime Director
	Israel Makov	Chairman and Non- Executive Director
	Kalyansundaram Subramanian	Wholetime Director
b	**Relatives of Key Managerial Personnel**	
	Aalok Shanghvi	
	Vidhi Shanghvi	
c	**Others (Entities in which the KMP and Relatives of KMP have control or significant influence)**	
	Makov Associates Limited	
	Shantilal Shanghvi Foundation	
	Sun Pharma Advanced Research Company Limited	
	Sun Petrochemicals Private Limited	
	Alfa Infraprop Private Limited	
	Sidmak Laboratories (India) Private Limited	
	Ramdev Chemicals Private Limited	
	United Medisales Private Limited	
	Aditya Medisales Limited	
	PV Power Technologies Private Limited	
	Asepco Solutions Private Limited	
	Dhendai Tea and Industries Private Limited	
	Shanghvi Finance Private Limited^	
d	**Joint Venture**	
	Artes Biotechnology GmbH	
	S&I Ophthalmic LLC [Refer note 39(x)]	
e	**Associates**	
	Zenotech Laboratories Limited [Refer note 39 (g)]	
	scPharmaceuticals Inc. [Refer note 39 (p)]	
	Medinstill LLC	
	Medinstill Development LLC	
	Trumpcard Advisors and Finvest LLP	
	Dr. Py Institute LLC	
f	**Unconsolidated Subsidiary**	
	Foundation for Disease Elimination and Control of India	

^Solares Therapeutic Private Limited and Virtuous Finance Private Limited have been amalgamated with Shanghvi Finance Private Limited w.e.f. October 23, 2018

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

IND AS- 24 - "RELATED PARTY DISCLOSURES"

(Annexure 'B')

Details of related party transaction :

₹ In Million

	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of goods	**309.2**	**308.3**
Others	309.2	308.3
Purchase of property, plant and equipment and other intangible assets	**1,036.9**	**650.2**
Associates	1.7	-
Others	1,035.2	650.2
Revenue from contracts with customers, net of returns	**73,709.0**	**79,876.2**
Others	73,709.0	79,876.2
Sale of property, plant and equipment and other intangible assets	**277.4**	**0.5**
Others	277.4	0.5
Receiving of service	**1,248.6**	**1,209.4**
Others	1,144.2	1,005.6
Joint venture	29.3	40.9
Associate	75.1	162.9
Reimbursement of expenses paid	**41.5**	**68.4**
Associates	15.9	5.7
Joint venture	3.9	-
Others	21.7	62.2
Unconsolidated subsidiary	-	0.5
Rendering of service	**110.1**	**178.3**
Joint venture	-	0.1
Others	110.0	178.2
Unconsolidated subsidiary	0.1	-
Reimbursement of expenses received	**67.8**	**326.4**
Others	67.8	326.1
Unconsolidated subsidiary	-	0.3
Loans / deposit given	**286.8**	**6,300.0**
Others	-	6,300.0
Associate	286.8	-
Loans received back	**-**	**9,912.4**
Others	-	9,912.4
Purchase of investment in associates and joint venture and unconsolidated subsidiary	**-**	**324.7**
Associates	-	324.7
Interest income	**1,530.4**	**1,058.7**
Associates	-	19.1
Others	1,530.4	1,039.6
Lease rental and hire charges	**44.3**	**51.0**
Others	44.3	51.0
Rent expense	**7.8**	**6.8**
Others	7.8	6.8
Advance received back	**-**	**2.5**
Unconsolidated subsidiary	-	2.5
Advance given	**239.6**	**2.5**
Unconsolidated subsidiary	-	2.5
Associate	230.8	-
Others	8.8	-
Remuneration/ compensation	**271.3**	**237.7**
Key managerial personnel*	246.2	217.6
Relatives of Key managerial personnel	25.1	20.1
Donation	**123.8**	**62.8**
Unconsolidated subsidiary	48.8	42.8
Others	75.0	20.0

* 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 and 2016-17 in March 31, 2018.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019

IND AS- 24 - "RELATED PARTY DISCLOSURES"

(Annexure 'B')

Balance outstanding as at end of the year

₹ In Million

	As at March 31, 2019	As at March 31, 2018
Receivables	**6,091.6**	**12,287.2**
Others	6,091.6	12,287.2
Payables	**355.0**	**917.6**
Associates	0.9	-
Joint venture (March 31, 2019: ₹ 48,558)	0.0	-
Key managerial personnel	128.0	169.5
Relatives of Key managerial personnel	0.9	0.8
Others	225.2	747.3
Deposit given	**0.5**	**658.6**
Others	0.5	0.5
Associates	-	658.1
Loan given	**283.3**	**-**
Associate	283.3	-
Advance from customer	**-**	**3.4**
Others	-	3.4
Advance (includes capital and supply of goods/ services)	**1,156.3**	**213.0**
Others	8.7	0.1
Associates	1,147.6	212.9

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 consolidated financial statements. As these employee benefits are lump sum amount provided on the basis of actuarial valuation, the same is not included above and there is no share-based payments to key managerial personnel of Company.

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 with the Rule 5 of Companies (Accounts) Rules, 2014

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

₹ in Million

PART "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date since when subsidiary was acquired	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
1	Green Eco Development Centre Limited	12.11.2010	INR	1.00	7.0	(6.1)	1.6	0.7	-	-	(0.6)	-	(0.6)	-	100.00%
2	Sun Pharmaceutical (Bangladesh) Limited	29.03.2001	BDT	0.82	49.1	1,336.6	2,031.4	645.7	-	1,679.9	398.0	164.3	233.7	-	72.50%
3	Sun Pharmaceutical Industries, Inc.	14.06.2011	USD	69.09	-	49,582.4	117,736.6	68,154.2	9,073.7	52,995.9	4,411.1	(247.8)	4,658.9	-	100.00%
4	Sun Farmaceutica do Brasil Ltda.	22.05.2009	BRL	17.71	98.7	(2,568.5)	956.1	3,425.9	-	1,278.0	(325.1)	68.4	(393.5)	-	100.00%
5	Sun Pharma De Mexico S.A. DE C.V.	03.12.2002	MXN	3.58	3.6	943.9	1,000.6	53.1	-	1,253.7	369.1	105.1	264.0	-	75.00%
6	SPIL De Mexico S.A. DE C.V.	13.02.2002	MXN	3.58	0.2	-	0.2	-	-	-	-	-	-	-	100.00%
7	Sun Pharmaceutical Peru S.A.C.	27.06.2006	PEN	20.79	0.0	(163.3)	0.1	163.4	-	-	(0.8)	-	(0.8)	-	99.33%
8	OOO "Sun Pharmaceutical Industries" Limited	12.11.2007	RUB	1.07	0.1	(183.2)	29.7	212.8	-	-	(27.3)	(4.3)	(22.9)	-	100.00%
9	Sun Pharma De Venezuela, C.A.	06.11.2011	VES	0.02	0.0	(0.0)	0.0	0.0	-	-	(0.0)	-	(0.0)	-	100.00%
10	Chattem Chemicals Inc.	24.11.2008	USD	69.09	2,379.0	904.7	3,519.5	235.8	-	1,564.1	(45.3)	(6.1)	(39.2)	-	100.00%
11	The Taro Development Corporation	20.09.2010	USD	69.09	-	13,907.6	17,879.2	3,971.6	-	-	5,661.5	1,227.8	4,433.7	-	100.00%
12	Alkaloida Chemical Company Zrt.	05.08.2005	USD	69.09	6,167.0	41,386.0	48,252.4	699.5	207.3	2,727.5	21,535.6	0.1	21,535.5	-	99.99%
13	Sun Pharmaceutical Industries (Australia) Pty Ltd	11.03.2008	AUD	48.92	3,406.8	(2,238.5)	7,693.7	6,525.4	-	4,172.6	(318.2)	-	(318.2)	-	100.00%
14	Aditya Acquisition Company Ltd.	22.04.2007	ILS	19.02	0.0	14.7	29.9	15.2	-	48.1	3.1	0.7	2.4	-	100.00%
15	Sun Pharmaceutical Industries (Europe) B.V.	29.06.2007	EURO	77.48	1.4	2.1	1,432.3	1,428.8	-	1,963.3	72.1	5.0	67.1	-	100.00%
16	Sun Pharmaceuticals Germany GmbH	11.08.2008	EURO	77.48	1.9	(153.8)	962.2	1,114.1	-	844.1	70.2	22.6	47.6	-	100.00%
17	Sun Pharmaceuticals France	10.02.2009	EURO	77.48	2.9	(29.9)	34.7	61.7	-	119.5	(3.3)	-	(3.3)	-	100.00%
18	Sun Pharma Global FZE	25.11.2008	USD	69.09	285.0	94,929.0	116,673.8	21,459.8	5,453.3	18,665.1	(6,294.2)	-	(6,294.2)	-	100.00%
19	Sun Pharmaceuticals SA (Pty) Ltd.	22.10.2008	ZAR	4.76	0.0	(0.1)	75.4	75.5	-	44.5	(0.1)	-	(0.1)	-	100.00%
20	Sun Global Canada Pty. Ltd.	23.06.2009	USD	69.09	0.1	(1.6)	-	1.5	-	-	(0.1)	-	(0.1)	-	100.00%
21	Sun Laboratories FZE	13.03.2011	USD	69.09	846.5	(996.8)	22,848.5	22,998.8	-	5,405.7	131.8	-	131.8	-	100.00%
22	Sun Global Development FZE	13.04.2011	USD	69.09	197.5	(213.0)	5.3	20.8	-	-	(207.9)	-	(207.9)	-	100.00%
23	Sun Pharma Japan Ltd.	01.03.2012	JPY	0.62	98.6	(2,040.4)	3,828.3	5,770.1	-	15.9	(440.0)	0.0	(440.0)	-	100.00%
24	Sun Pharma Philippines, Inc.	08.12.2011	PHP	1.31	11.4	(516.1)	258.1	762.8	-	364.5	(33.4)	3.8	(37.2)	-	100.00%
25	Sun Pharma Healthcare FZE	25.03.2012	USD	69.09	197.5	1.3	198.9	0.1	-	-	3.7	-	3.7	-	100.00%
26	Sun Pharmaceuticals Korea Ltd.	20.09.2011	KRW	0.06	6.1	(1.9)	6.1	1.9	-	-	(0.2)	-	(0.2)	-	100.00%
27	Caraco Pharmaceuticals Private Limited	12.01.2012	INR	1.00	0.1	(0.2)	0.0	0.1	-	-	(0.0)	-	(0.0)	-	100.00%
28	Sun Pharma Laboratories Ltd	09.03.2012	INR	1.00	0.5	194,396.4	206,018.7	11,621.8	3,158.7	45,094.0	4,172.4	891.5	3,280.9	-	100.00%
29	Morley & Company, Inc.	05.05.1983	USD	69.09	0.2	4.6	6.2	1.4	-	-	1.7	0.4	1.3	-	100.00%
30	Taro Pharmaceutical Industries Ltd. (Taro)	20.09.2010	USD	69.09	47.0	131,606.5	136,017.2	4,363.7	5,153.0	22,073.1	21,751.2	2,283.2	19,468.0	-	76.54%
31	Taro Pharmaceuticals Inc.	20.09.2010	CAD	51.41	11,842.6	88,546.5	117,269.9	16,880.8	49,113.4	18,686.5	8,946.6	2,582.3	6,364.3	-	76.54%
32	Taro Pharmaceuticals U.S.A., Inc.	20.09.2010	USD	69.09	10.0	(1,077.3)	30,598.5	31,665.8	52.6	36,515.2	803.0	39.4	763.6	-	76.54%
33	Taro Pharmaceuticals North America, Inc.	20.09.2010	USD	69.09	0.0	25,749.0	25,756.7	7.7	-	-	(520.4)	-	(520.4)	-	76.54%
34	Taro Pharmaceuticals Europe B.V.	20.09.2010	EURO	77.48	1.4	(0.1)	1.8	0.5	-	-	(2.5)	-	(2.5)	-	76.54%
35	Taro International Ltd.	20.09.2010	USD	69.09	0.0	944.3	1,601.8	657.5	-	1,771.1	425.9	97.2	328.7	-	76.54%
36	Dusa Pharmaceuticals, Inc.	19.12.2012	USD	69.09	0.7	10,316.1	12,421.8	2,105.0	-	6,503.4	1,034.2	216.6	817.6	-	100.00%
37	Mutual Pharmaceutical Company Inc.	05.02.2013	USD	69.09	0.1	8,950.6	8,871.7	(79.0)	-	3,639.6	383.6	80.6	303.0	-	100.00%

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 with the Rule 5 of Companies (Accounts) Rules, 2014

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

₹ in Million

PART "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date since when subsidiary was acquired	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
38	Faststone Mercantile Company Private Limited	01.04.2012	INR	1.00	0.1	12.6	13.2	0.5	-	-	1.7	0.4	1.3	-	100.00%
39	Neetnav Real Estate Private Limited	01.04.2012	INR	1.00	0.1	2,921.3	3,077.1	155.7	-	1.6	0.7	0.2	0.5	-	100.00%
40	Realstone Multitrade Private Limited	01.04.2012	INR	1.00	0.1	11.7	11.9	0.1	-	-	0.4	0.1	0.3	-	100.00%
41	Skisen Labs Private Limited	01.04.2012	INR	1.00	163.6	(163.7)	0.1	0.2	0.0	(0.0)	(0.1)	-	(0.1)	-	100.00%
42	Softdeal Trading Company Private Limited	01.04.2012	INR	1.00	0.1	11.1	11.3	0.1	-	-	0.4	0.1	0.3	-	100.00%
43	Universal Enterprises Private Limited	31.08.2012	INR	1.00	4.5	0.8	5.3	0.0	-	-	(0.0)	-	(0.0)	-	100.00%
44	Sun Pharma Switzerland Ltd.	10.06.2013	CHF	69.36	6.9	2.8	12.0	2.3	-	28.3	8.3	(0.0)	8.3	-	100.00%
45	Sun Pharma Holdings	06.08.2015	USD	69.09	236,346.0	(19,203.5)	217,946.0	803.5	-	-	13.0	7.8	5.2	-	100.00%
46	Pharmalucence, Inc.	15.07.2014	USD	69.09	0.0	5,948.2	8,054.4	2,106.2	-	2,404.5	612.6	129.5	483.1	-	100.00%
47	PI Real Estate Ventures, LLC	15.07.2014	USD	69.09	0.0	2,057.0	1,257.3	(799.7)	-	207.3	48.8	-	48.8	-	100.00%
48	Sun Pharma East Africa Limited	13.06.2014	KES	0.68	0.1	(105.3)	357.2	462.4	-	505.4	11.3	4.2	7.1	-	100.00%
49	Basics GmbH	24.03.2015	EURO	77.48	377.7	421.4	6,137.4	5,338.3	-	3,153.2	82.5	19.9	62.6	-	100.00%
50	"Ranbaxy Pharmaceuticals Ukraine" LLC	24.03.2015	UAH	2.54	101.5	128.9	335.9	105.5	-	898.1	109.5	19.8	89.7	-	100.00%
51	Sun Pharmaceuticals Morocco LLC	24.03.2015	MAD	7.15	87.5	(127.2)	1,255.5	1,295.2	-	958.4	51.9	18.8	33.1	-	100.00%
52	Sun Pharmaceutical Industries S.A.C.	24.03.2015	PEN	20.79	90.3	(260.7)	382.7	553.1	-	409.8	(41.7)	-	(41.7)	-	100.00%
53	Ranbaxy Holdings (U.K.) Limited	24.03.2015	GBP	90.00	2,749.9	138.5	2,889.0	0.6	-	-	0.7	-	0.7	-	100.00%
54	Ranbaxy Pharmacie Generiques	24.03.2015	EURO	77.48	1,933.0	(4,415.5)	1,154.8	3,637.3	-	1,704.6	(365.0)	-	(365.0)	-	100.00%
55	Office Pharmaceutique Industriel Et Hospitalier	24.03.2015	EURO	77.48	103.1	(4.4)	233.8	135.1	-	324.4	8.4	-	8.4	-	100.00%
56	Ranbaxy Italia S.P.A.	24.03.2015	EURO	77.48	3.9	10.0	1,788.1	1,774.2	-	1,984.4	14.5	4.6	9.9	-	100.00%
57	Ranbaxy Pharmaceuticals (Pty) Ltd	24.03.2015	ZAR	4.76	3,330.5	(1,644.0)	3,812.0	2,125.5	-	4,792.4	204.5	-	204.5	-	100.00%
58	"Sonke Pharmaceuticals Proprietary Limited"	24.03.2015	ZAR	4.76	9.5	707.8	3,353.0	2,635.7	-	5,877.4	400.7	113.0	287.7	-	70.00%
59	Ranbaxy South Africa (Pty) Ltd	24.03.2015	ZAR	4.76	83.3	256.2	1,695.8	1,356.3	-	1,470.4	(324.4)	10.5	(334.9)	-	100.00%
60	Sun Pharma Egypt Limited LLC (Formerly known as Ranbaxy Egypt Ltd)	24.03.2015	EGP	3.98	523.7	(270.8)	543.5	290.6	-	252.5	(166.8)	-	(166.8)	-	100.00%
61	Rexcel Egypt LLC	24.03.2015	EGP	3.98	1.0	(25.1)	11.6	35.7	-	(0.8)	(3.9)	-	(3.9)	-	100.00%
62	Ranbaxy (U.K.) Limited	24.03.2015	GBP	90.00	1,957.4	(543.3)	2,632.9	1,218.8	-	2,560.0	73.5	14.9	58.6	-	100.00%
63	Ranbaxy (Poland) SP. Z O.O.	24.03.2015	PLN	18.01	77.3	125.2	257.1	54.6	-	535.9	25.2	6.4	18.8	-	100.00%
64	Ranbaxy Nigeria Limited	24.03.2015	NGN	0.22	9.0	(122.1)	2,287.0	2,400.1	-	1,146.0	(341.0)	1.0	(342.0)	-	86.16%
65	Ranbaxy (Thailand) Co., Ltd.	24.03.2015	THB	2.18	250.3	(31.2)	1,050.1	831.0	-	1,454.2	1.1	-	1.1	-	100.00%
66	Ohm Laboratories, Inc.	24.03.2015	USD	69.09	16.5	4,629.1	11,992.1	7,346.5	-	10,909.9	397.0	83.7	313.3	-	100.00%
67	Ranbaxy Signature LLC	24.03.2015	USD	69.09	-	756.1	756.1	-	-	636.0	398.9	-	398.9	-	67.50%
68	Ranbaxy Inc.	24.03.2015	USD	69.09	898.2	3,622.5	5,784.4	1,263.7	-	-	340.3	(49.1)	389.4	-	100.00%
69	Ranbaxy Ireland Limited	24.03.2015	EURO	77.48	551.0	(8.7)	547.7	5.4	-	-	(6.8)	-	(6.8)	-	100.00%
70	AO Ranbaxy	24.03.2015	RUB	1.07	174.1	1,017.3	4,537.4	3,346.0	-	5,364.5	288.0	62.1	225.9	-	100.00%
71	Laboratorios Ranbaxy, S.L.U.	24.03.2015	EURO	77.48	77.5	344.1	1,605.6	1,184.0	-	1,733.1	73.4	-	73.4	-	100.00%
72	Ranbaxy (Malaysia) SDN. BHD.	24.03.2015	MYR	16.91	140.4	1,271.5	1,789.0	377.1	-	2,300.1	555.4	29.8	525.6	-	95.67%
73	Ranbaxy Farmaceutica Ltda.	24.03.2015	BRL	17.71	307.6	(1,539.3)	1,329.5	2,561.2	-	2,029.1	(156.7)	78.2	(234.9)	-	100.00%
74	Sun Pharma ANZ Pty Ltd	24.03.2015	AUD	48.92	851.2	(1,116.2)	1,477.9	1,742.9	-	1,858.9	77.5	-	77.5	-	100.00%

FORM AOC - 1

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

₹ in Million

PART "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date since when subsidiary was acquired	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
75	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	24.03.2015	CAD	51.41	115.7	136.0	1,011.4	759.7	-	2,096.0	(32.4)	-	(32.4)	-	100.00%
76	Terapia SA	24.03.2015	RON	16.25	406.2	8,479.4	11,913.5	3,027.9	1,271.8	11,801.9	2,929.8	365.4	2,564.4	-	96.81%
77	Sun Pharma (Netherlands) B.V. (Formerly known as Ranbaxy (Netherlands) B.V.)	24.03.2015	USD	69.09	42,410.0	15,408.8	62,745.7	4,926.9	2,151.8	-	4,717.3	(7.0)	4,724.3	-	100.00%
78	Insite Vision Incorporated	02.11.2015	USD	69.09	-	(499.2)	496.5	995.7	-	-	(10.2)	(1.9)	(8.3)	-	100.00%
79	JSC Biosintez	19.12.2016	RUB	1.07	0.3	175.5	4,244.8	4,069.0	2.1	2,227.1	(534.0)	(48.5)	(485.5)	-	96.96%
80	Sun Pharmaceutical Holdings USA, Inc	18.11.2016	USD	69.09	-	58,291.0	58,291.0	-	-	-	6,473.0	-	6,473.0	-	100.00%
81	Foundation for Disease Elimination and Control of India	21.09.2016	INR	1.00	0.1	1.1	5.1	3.9	-	48.8	(2.7)	-	(2.7)	-	100.00%
82	Zenotech Laboratories Ltd	27.07.2017	INR	1.00	610.3	(221.3)	845.9	456.9	-	130.3	(31.3)	-	(31.3)	-	57.56%
83	Sun Pharmaceutical Medicare Limited	16.01.2017	INR	1.00	2.5	(487.2)	3,905.4	4,390.1	-	1,250.2	(402.5)	(0.4)	(402.1)	-	100.00%
84	Pola Pharma Inc.	01.01.2019	JPY	0.62	62.4	3,813.0	6,171.6	2,296.2	-	1,465.6	(64.8)	10.8	(75.6)	-	100.00%
85	Kayaku Co., Ltd.	01.01.2019	JPY	0.62	68.6	1,732.0	3,018.1	1,217.5	-	522.8	(110.0)	(8.3)	(101.7)	-	100.00%
86	Sun Pharma Distributors Limited	19.03.2019	INR	1.00	1.5	(0.1)	1.5	0.1	-	-	(0.1)	-	(0.1)	-	100.00%

Note:

1 0.0' represents amount less than 0.05 Million and rounded off
2 In respect of entities at Sr. Nos. 5 to 8, 50, 70, 78, 79, 84 and 85, the reporting date is as of December 31, 2018 and different from the reporting date of the Parent Company.
3 Entities at Sr. No. 84 to 86 have been incorporated / acquired during the year ended March 31, 2019.
4 Foundation for Disease Elimination and Control of India (FDEC), a wholly owned subsidiary incorporated in India on September 21, 2016 by the Company as part of its Corporate Social Responsibility (CSR) initiative. FDEC has entered into an MOU with Indian Council of Medical Research (ICMR) and Madhya Pradesh State Government to undertake the Mandla Malaria Elimination Demonstration Project with a goal to eliminate Malaria in the state. FDEC is a Section 8 company not considered for consolidation since it can apply its income for charitable purposes only and can raise funds/contribution independently.
5 With effect from September 21, 2018 Taro Pharmaceuticals (UK) Limited has been dissolved.
6 Books of accounts and other related records/documents of the overseas subsidiaries of the Zenotech Laboratories Limited were missing and due to non-availability of those records/information, Zenotech Laboratories Limited is unable to prepare consolidated accounts.
7 With effect from May 20, 2018 Sun Pharmaceuticals UK Limited has been dissolved.
8 With effect from April 19, 2018 Taro Pharmaceuticals Ireland Ltd. has been dissolved.
9 With effect from August 22, 2018 Ranbaxy Europe Limited has been dissolved.
10 With effect from September 25, 2018 Alkaloida Sweden AB has been sold.
11 With effect from April 01, 2018 Ranbaxy GmbH has been merged with Basics GmbH.
12 With effect from April 01, 2018 Taro Pharmaceuticals Canada, Ltd. has been merged with Taro Pharmaceuticals Inc.
13 With effect from March 25, 2019 Be-Tabs Investments (Pty) Ltd has been dissolved.
14 With effect from March 04, 2019 Sun Pharmaceuticals Italia S.R.L. has been dissolved.
15 3 Skyline LLC and One Commerce drive LLC are being consolidated with Taro Pharmaceuticals U.S.A.,Inc.
16 scPharmaceuticals Inc. was treated as associate till March 31, 2018 and now being classified and measured as investment at fair value through other comprehensive income.
17 Entities at Sr. No. 84 and 85 have been acquired on January 01, 2019. Figures shown above are from January 01, 2019 to March 31, 2019 whereas the reporting date of these two entities are December 31, 2018.
18 The above does not include Taro Pharmaceutical Laboratories Inc., 2 Independence Way LLC, URL PharmaPro LLC and Dungan Mutual Associates LLC as they have no operation and does not have any Assets, Liabilities or Equity as on the close of their financial year.

SUN PHARMA

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 with the Rule 5 of Companies (Accounts) Rules, 2014

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

₹ in Million

Part "B": Associate Companies and Joint Ventures						
		Joint Venture	Associate			
Sr. No	Name of Associates/Joint Ventures	Artes Biotechnology GmbH	Generic Solar Power LLP	Trumpcard Advisors and Finvest LLP	Medinstill LLC	Tarsius Pharma Ltd.
1	Latest audited Balance Sheet Date	31-Dec-18	31-Mar-19	31-Mar-19	31-Dec-18	31-Dec-18
	Date of acquisition	13.02.2014	09.10.2015	31.03.2017	13.03.2014	10.09.2018
2	Shares of Associate/Joint Ventures held by the company on the year end					
	No.	15,853	28,760	NA	1,999	3,45,622
	Amount of Investment in Associates/Joint Venture	262.0	0.0	579.0	1,389.2	195.2
	Extend of Holding %	45.00%	28.76%	40.61%	19.99%	18.33%
3	Description of how there is significant influence	NA	NA	NA	NA	NA
4	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	64.0	0.0	247.9	(727.9)	47.8
6	Profit / (loss) for the year					
	i. Considered in Consolidation	(7.5)	(0.0)	134.3	(140.5)	(12.3)
	ii. Not Considered in Consolidation	(9.2)	(0.0)	196.4	(562.2)	(54.9)

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

DILIP S. SHANGHVI
Managing Director

SUDHIR V. VALIA
Wholetime Director

C. S. MURALIDHARAN
Chief Financial Officer

SAILESH T. DESAI
Wholetime Director
Mumbai, May 28, 2019

SUNIL R. AJMERA
Company Secretary

SUN PHARMA

Sun Pharmaceutical Industries Ltd.

Registered Office: SPARC Tandalja, Vadodara - 390 012, Gujarat, India **Tel Nos:** 0265-6615500/600/700 **Fax No:** 0265-2354897
Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon -East, Mumbai - 400 063, Maharashtra, India.
CIN: L24230GJ1993PLC019050 **Website:** www.sunpharma.com **Email:** secretarial@sunpharma.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty-Seventh Annual General Meeting** of the members of **Sun Pharmaceutical Industries Limited** will be held on **Wednesday, August 28, 2019 at 03:15 P.M. at Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj, Vadodara - 390 020, Gujarat, India** to transact the following business:

ORDINARY BUSINESS:

1. a. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon.

   b. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of the Auditors thereon.

2. To consider declaration of dividend on equity shares for the financial year ended March 31, 2019.*

3. To appoint a Director in place of Mr. Sailesh T. Desai (DIN: 00005443) who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Kalyanasundaram Subramanian (DIN: 00179072), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), the remuneration as set out in the Explanatory Statement annexed to this Notice, payable to M/s. B M Sharma & Associates, Cost Accountants, Firm's Registration No. 100537, appointed as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year 2019-20, be and is hereby ratified.

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

6. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 197 (10) of the Companies Act, 2013 ('the Act") as amended by the Companies (Amendment) Act, 2017 and such other applicable provisions, if any, of the Act and the rules made thereunder, and pursuant to abatement by Central Government of applications made by the Company, consent / ratification of the members be and is hereby accorded for Commission amounting to ₹ 6.4 Million paid to the Non-Executive Directors of the Company (other than the Managing Director and / or Whole-time Directors) for the financial year 2013-14 which is in excess of the limits prescribed under the Companies Act, 1956 in view of the absence of profits for financial year 2013-14."

7. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** in partial modification of the resolution passed by the members at the 26th Annual General Meeting of the Company held on September 26, 2018 for re-appointment of Mr. Kalyanasundaram Subramanian ("Mr. Kal") (DIN: 00179072) as the Whole-time Director of the Company, and pursuant to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V of the Companies Act, 2013, and in partial modification of the Agreement dated January 29, 2019 entered into between the Company and Mr. Kal for his re-appointment as the Whole-Time Director, the shareholders of the Company hereby approve the overall limit of remuneration as stated below of Mr. Kal as the Whole-time Director of the Company, as recommended by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors of the Company, with effect from July 04, 2019 upto the remaining term of his appointment i.e. upto February 13, 2021, as per the draft revised agreement, including for revision of clause of the agreement pertaining to Remuneration, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to between the Board of Directors and Mr. Kal.

REMUNERATION:
The remuneration payable to Mr. Kalyanasundaram Subramanian shall be determined by the Board of Directors, from time to time within, however, the maximum limits set forth below, with effect from July 04, 2019 upto the remaining term of his appointment i.e. upto February 13, 2021:

a) **Salary** (including bonus, perquisites and variable pay subject to individual and company performance as per plan) up to ₹ 9,00,00,000/- (Rupees Nine Crores only) per annum.

   Perquisites: He will be entitled to furnished/non-furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the Company's rule/policy, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962.

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

c) **Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year, Mr. Kalyanasundaram Subramanian shall be entitled to receive a total remuneration including perquisites, etc. not exceeding the ceiling limits as approved by the Board of Directors and the members, as minimum remuneration.

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V of the Act, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), i.e. the salary, perquisites, allowances, etc. within such prescribed limit or ceiling and the aforesaid draft Agreement between the Company and Mr. Kal be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required under law.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as they may deem fit, expedient or desirable to give effect to this Resolution."

By order of the Board of Directors
For Sun Pharmaceutical Industries Ltd.

Sunil R. Ajmera
Company Secretary

Mumbai
July 05, 2019

Registered Office:
SPARC, Tandalja, Vadodara - 390 012.

*The actual equity dividend to be declared by the members at the 27th Annual General Meeting will be for only equity shares other than the equity shares in respect of which the equity shareholder(s) has/have waived/forgone his/her/their right to receive the dividend for the financial year ended March 31, 2019 in accordance with the rules framed by the Board as per Note no. 14 hereinafter appearing.

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the 27th Annual General Meeting of the Company (the "Meeting" or "AGM") under Item Nos. 5, 6 and 7, is annexed hereto.

   The relevant details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Clause 1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), in respect of the persons seeking appointment / re-appointment as Directors are given under the heading "Profile of Directors" forming part of this Notice.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the scheduled time of the commencement of the Meeting.

4. Pursuant to the provisions of Section 105 of the Act read with the Companies (Management and Administration) Rules, 2014, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other person or member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

5. Corporate members intending to send their authorized representative(s) to attend and vote on their behalf at the Meeting are requested to submit to the Company a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing their representative(s) to attend and vote along with specimen signature of authorized representative(s) before commencement of the Meeting.

6. Member(s) / proxy(ies) / Authorised Representative(s) should bring their attendance slips duly filled in for attending the Meeting.

7. The Proxy should carry his / her identity proof i.e. a Pan Card / Aadhaar Card / Passport / Driving License / Voter ID Card or such other proof(s) to prove his/her identity at the venue of the Meeting.

8. In case of joint holders attending the Meeting, the member whose name appears as the first holder in the order of names as per Register of Members will be entitled to vote.

9. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, August 22, 2019 to the date of the 27th AGM of the Company to be held on Wednesday, August 28, 2019 (both days inclusive) for the purpose of the 27th AGM of the Company and for the payment of Dividend.

10. This Notice of 27th AGM along with the Annual Report for 2018-19 is being sent by electronic mode to those members whose e-mail address are registered with the Company's Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd. / Depositories. Physical copies of the Notice of 27th AGM along with Annual Report for 2018-19 are being sent, by the permitted mode, to those members whose email addresses are not registered and the members who have specifically requested for the physical copy in addition to e-mail. However, in case a member wishes to receive a physical copy of the Annual Report 2018-19, he / she is requested to write to Link

Intime India Pvt. Ltd., C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 or email at rnt.helpdesk@linkintime.co.in from their registered e-mail ID, duly quoting his / her DP ID and Client ID or the Folio number, as the case may be. A copy of the Notice of the 27th AGM along with the Annual Report 2018-19 is also available for download on the website of the Company www.sunpharma.com. To support the 'Green Initiative', members who have not registered their e-mail addresses are requested to register the same with our Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd., / Depositories.

11. Pursuant to Regulation 44(6) of SEBI Listing Regulations, the Company is pleased to provide the facility of live webcast of proceeding of 27th AGM of the Company from 3:15 p.m. onwards on Wednesday, August 28, 2019. Members can view the proceeding of AGM by logging on to the e-voting website of CDSL at www.evotingindia.com. On this page, click on the link Shareholders / Members, the web cast link would be available adjacent to EVSN No. 190715011 of the Company.

12. Relevant documents / agreements referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office and the Corporate Office of the Company on all working days, except Saturdays and Sundays, between 11:00 a.m. IST and 1:00.p.m. IST upto the date of the Meeting and at the venue of the Meeting during Meeting hours.

13. The Board of Directors at its Meeting held on May 28, 2019, recommended a Dividend of ₹ 2.75/- (Rupees two and paise seventy five only) per equity share of ₹ 1/- each of the Company for the year ended March 31, 2019 and the same if declared at the Meeting will be paid on or before August 30, 2019, to the Company's members whose names stand in the Register of Members as beneficial owners at the close of business hours on Wednesday, August 21, 2019 as per the list provided by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") in respect of shares held in electronic form and as members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before Wednesday, August 21, 2019.

14. At the Extra Ordinary General Meeting of the members of the Company held on September 1, 2003, the members had approved, by way of a Special Resolution, certain amendments whereby few Articles were inserted in the Articles of Association of the Company relating to enabling the Company to implement any instruction from member(s) of the Company to waive / forgo his / their right to receive the dividend (interim or final) from the Company for any financial year. The above referred amendments as approved at the aforesaid Extra Ordinary General Meeting have been retained and are inter alia forming part of new set of Articles of Association adopted at the 24th Annual General Meeting of the Company held on September 17, 2016. Thus, the members of the Company can waive / forgo, if he / they so desire(s), his / their right to receive the dividend (interim or final) for any financial year effective from the dividend recommended by the Board of Directors of the Company for the year ended March 31, 2004 on a year to year basis, as per the rules framed by the Board of Directors of the Company from time to time for this purpose.

The member, if so wishes to waive / forgo the right to receive Dividend for the year ended March 31, 2019, shall fill up the form and send it to the Company's Registrars on or before Wednesday, August 21, 2019. The form prescribed by the Board of Directors of the Company for waiving / forgoing the right to receive Dividend for any year shall be available for download on the Company's website www.sunpharma.com under section "Investor - Shareholder's Information- Statutory Communication" or can also be obtained from the Company's Registrar and Share Transfer Agents, Link Intime India Pvt. Ltd.

The Board of Directors of the Company at its meeting held on September 01, 2003 have framed the following rules under old Article 190A (corresponding Article 142 as per the new set of Articles of Association) of the Articles of Association of the Company for members who want to waive / forgo the right to receive dividend in respect of financial year 2002-2003 or for any year thereafter:

I. A Shareholder can waive / forgo the right to receive the dividend (either final and / or interim) to which he is entitled, on some or all the Equity Shares held by him in the Company as on the Record Date / Book-closure Date fixed for determining the names of Members entitled for such dividend. However, the Shareholder cannot waive / forgo the right to receive the dividend (either final and / or interim) for a part of percentage of dividend on a share(s).

II. The Equity Shareholder(s) who wish to waive / forgo the right to receive the dividend for any year shall inform the Company in the form prescribed by the Board of Directors of the Company only.

III. In case of joint holders holding the Equity Shares of the Company, all the joint holders are required to intimate to the Company in the prescribed form their decision of waiving / forgoing their right to receive the dividend from the Company.

IV. The Shareholder, who wishes to waive / forgo the right to receive the dividend for any year shall send his irrevocable instruction waiving / forgoing dividend so as to reach the Company before the Record Date / Book Closure Date fixed for the payment of such dividend. Under no circumstances, any instruction received for waiver / forgoing of the right to receive the dividend for any year after the Record Date / Book Closure Date fixed for the payment of such dividend for that year shall be given effect to.

V. The instruction once given by a Shareholder intimating his waiver / forgoing of the right to receive the dividend for any year for interim, final or both shall be irrevocable and cannot be withdrawn for that particular year for such waived / forgone the right to receive the dividend. But in case, the relevant Shares are sold by the same Shareholder before the Record Date / Book Closure Date fixed for the payment of such dividend, the instruction once exercised by such earlier Shareholder intimating his waiver / forgoing the right to receive dividend will be invalid for the next succeeding Shareholder(s) unless such next succeeding Shareholder(s) intimates separately in the prescribed form, about his waiving / forgoing of the right to receive the dividend for the particular year.

VI. The Equity Shareholders who wish to waive / forgo their right to receive the dividend for any year can inform the Company in the prescribed form only after the beginning of the relevant financial year for which the right to receive the dividend is being waived / forgone by him.

VII. The instruction by a Shareholder to the Company for waiving / forgoing the right to receive dividend for any year is purely voluntary on the part of the Shareholder(s). There is no interference with a Shareholder's Right to receive the dividend, if he does not wish to waive / forgo his right to receive the dividend. No action is required on the part of Shareholder who wishes to receive dividends as usual. Such Shareholder will automatically receive dividend as and when declared.

VIII. The decision of the Board of Directors of the Company or such person(s) as may be authorized by Board of Directors of the Company shall be final and binding on the concerned Shareholders on issues arising out of the interpretation and / or implementation of these Rules.

IX. These Rules can be amended by the Board of Directors of the Company from time to time as may be required.

15. The members of erstwhile Tamilnadu Dadha Pharmaceuticals Limited; erstwhile Gujarat Lyka Organics Limited; erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited; who have not yet sent their share certificates of erstwhile Tamilnadu Dadha Pharmaceuticals Limited; erstwhile Gujarat Lyka Organics Limited; erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited, respectively for exchange with the share certificates of Sun Pharmaceutical Industries Limited, are requested to do so at the earliest, since share certificates of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited; erstwhile Gujarat Lyka Organics Limited; erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited are no longer tradable / valid.

16. The members may be aware that the equity shares of the Company had been subdivided from 1 (One) equity share of ₹ 5/- (Rupees Five Only) each to 5 (Five) equity shares of ₹1/- each on November 29, 2010 based on the Record Date of November 26, 2010. The members who have yet not sent their share certificates of ₹ 5/- (Rupees Five Only) each of the Company for exchange with new equity shares of ₹ 1/- each are requested to send the same to the Company's Registrar and Share Transfer Agents, Link Intime India Pvt. Ltd. since the old share certificates of ₹5/- (Rupees Five Only) each are no longer tradable.

17. Pursuant to Section 124 of the Act, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund ("IEPF"). The Company will be transferring the unclaimed dividends during the financial years ending March 31, 2019 to March 31, 2026 as given below:

Dividend for Financial Year	Date of Declaration of Dividend entitled	Rate of Dividend	Due Date for transfer to IEPF
2011-2012	10.08.2012	₹4.25 per share of ₹1/- each	07.09.2019
2012-2013	30.09.2013	₹2.50 per share of ₹1/- each	25.10.2020
2013-2014	27.09.2014	₹1.50 per share of ₹1/- each	26.10.2021
2014-2015	31.10.2015	₹3.00 per share of ₹1/- each	29.11.2022
2015-2016	17.09.2016	₹1.00 per share of ₹1/- each	15.10.2023
2016-2017	26.09.2017	₹3.50 per share of ₹1/- each	25.10.2024
2017-2018	26.09.2018	₹2.00 per share of ₹1/- each	25.10.2025

Members who have not encashed their dividend warrants, for the financial year ended March 31, 2012 and onwards are requested to approach the Company's Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd. at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India, to claim their unpaid Dividend. The Dividend declared for the financial year ended March 31, 2012 and remaining unpaid and unclaimed, will be transferred to the Investor Education and Protection Fund by September 7, 2019. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 26, 2018 (date of the last Annual General Meeting of the Company) on the website of the Company viz., www.sunpharma.com under head "Investor" sub-head "Shareholder Information" as well as on the website of the Ministry of Corporate Affairs viz., www.iepf.gov.in.

18. The members may note that pursuant to Section 124(6) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time ("the Rules"), the shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more shall be transferred to the demat account created by the IEPF Authority.

Consequently, the Company has transferred the shares to the IEPF Authority in respect of which dividend has remained unpaid or unclaimed from the financial year 2010-11 for 7 (seven) consecutive years, the details of which are available on website of the Company www.sunpharma.com under head "Investor" sub-head "Shareholder Information".

The details of shares liable to be transferred to the IEPF Authority are also available on website of the Company www.sunpharma.com under head "Investor" sub-head "Shareholder Information". These shares will be transferred to the IEPF Authority as per the requirements of Rules.

The procedure to claim shares from IEPF Authority is provided on the website of the Company and can be accessed from: www.sunpharma.com under head "Investor" sub-head "Shareholder Information".

19. The members are requested to get their physical shares dematerialized urgently vide SEBI Circular dated June 08, 2018 read with SEBI Circular dated December 03, 2018 as with effect from April 01, 2019, except in case of transmission or transposition, securities shall not be transferred unless they are held in the dematerialized form.

20. Route map along with prominent landmark to the Venue of the Meeting is provided at the end of this Notice.

21. Remote e-voting and electronic voting system:

Voting through electronic means:

(a) In accordance with the applicable provisions of the Listing Regulations and the Act, read with Companies (Management and Administration) Rules, 2014 including any amendments thereto, the Company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 27th Annual General Meeting. The Company has appointed CDSL to provide e-voting facilities to its members.

(b) The voting right of members shall be in proportion to one vote per fully paid equity share of the Company held by them as on the cut-off date Wednesday, August 21, 2019.

(c) The remote e-voting period begins on Sunday, August 25, 2019 at 09:00 a.m. and ends on Tuesday, August 27, 2019 at 05:00 p.m. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Wednesday, August 21, 2019, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(d) The facility for voting through electronic means shall also be made available at the Meeting and members of the Company as of cut-off date, attending the Meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the Meeting. The members who have cast their vote by remote e-voting prior to the Meeting may attend the Meeting but shall not be entitled to cast their vote again.

(e) Mr. Chintan Goswami, Partner of KJB & Co LLP and failing him Mr. Alpeshkumar Panchal, Partner of KJB & Co LLP, Practicing Company Secretaries, Mumbai, has been appointed by the Board of Directors of the Company, as the Scrutinizer to scrutinize the e-voting process (remote e-voting and electronic voting at the venue) in a fair and transparent manner and they have communicated their willingness to be appointed as such and that they are available for the said purpose.

(f) The procedure and instructions for members voting by remote e-voting are as under:

(i) The voting period begins on Sunday, August 25, 2019 at 09:00 a.m. and ends on Tuesday, August 27, 2019 at 05:00 p.m. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, August 21, 2019, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The members should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders / Members tab.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company / Depository Participant are requested to use the e-voting code which is printed on address label on the envelope for the Annual Report sent in Physical, in the PAN field. For those having email IDs the e-voting code is sent by email.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

Any person who becomes a member of the Company after dispatch of the Notice and holds shares of the Company as on the cut-off date i.e. Wednesday, August 21, 2019 and whose PAN is not registered with the Company may obtain the e-voting code detail by writing to the Registrar & Share Transfer Agents of the Company at rnt.helpdesk@linkintime.co.in or secretarial@sunpharma.com or contact Mr. Ashok Bhuta, Compliance Officer.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for Sun Pharmaceutical Industries Limited to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdeskevoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same and send the scan copy of the Board resolution / POA to scrutinizer@sunpharma.com.

(xx) In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions ("FAQs") and remote e-voting manual available at www.evotingindia.com, under help section or write an email to helpdeskevoting@cdslindia.com.

Any person having any grievances in connection with remote e-voting may write to:

Name	:	Mr. Rakesh Dalvi
Designation	:	Manager
Address	:	CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013, Maharashtra, India.
Email ID	:	helpdesk.evoting@cdslindia.com
Toll Free Number	:	1800225533

(g) The Scrutinizer will, immediately after the conclusion of electronic voting system at the venue of the Meeting, start scrutinizing the votes cast at the Meeting by electronic voting alongwith remote e-voting and prepare a consolidated Scrutinizer's Report and submit thereafter to the Chairman of the Meeting or any person authorised by him in writing. The result declared along with the consolidated Scrutinizer's Report will be placed on the Company's website at www.sunpharma.com and on the website of CDSL at www.evotingindia.com within 48 hours of the conclusion of the Meeting. The Company will simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

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

As required under Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the Special Business as set out at Item Nos. 5,6 and 7 of the accompanying Notice dated July 05, 2019.

Item No. 5:

M/s. B M Sharma & Associates, Cost Accountants, have been appointed as the Cost Auditors by the Board of Directors of the Company on recommendation of the Audit Committee, for conducting audit of cost records pertaining to the formulations and bulk drugs activities of the Company for the financial year ending March 31, 2020 at a remuneration of ₹ 22,50,000/- (Rupees twenty two lakhs fifty thousand only) excluding reimbursement of out of pocket expenses and applicable taxes.

In terms of provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, member's ratification is required for remuneration payable to the Cost Auditors.

Therefore, consent of the members of the Company is being sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

The Board recommends the resolution as set out at item no. 5 of the Notice for approval of the members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested in the above resolution as set out in Item no. 5 of this Notice.

Item No. 6:

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

The remuneration by way of commission was paid to the Non-Executive Directors of the Company for the financial year 2013-14 in accordance with the above said resolution. However, consequent to giving effect to the Scheme of Arrangement, for merger of Specified Undertaking of Sun Pharma Global FZE, into the Company effective from May 01, 2013, resulted in absence of net profits in the Company for the aforesaid year. The commission of ₹ 6.4 million for the year ended 31st March, 2014, to the Non-Executive Directors of the Company had therefore exceeded in terms of Section 309(4) read with Section 309(5) of the Companies Act, 1956. Thereafter, the following commission paid to non-executive Directors of the Company was ratified / approved by the members of the Company at the 22nd Annual General Meeting of the Company held on September 27, 2014 subject to approval of the Central Government.

The Directors of the Company were paid sitting fees of ₹ 5000/- per meeting during the financial year 2013-14.

The total amount of commission and sitting fees paid to Non-Executive Directors for the year 2013-14 is as follows:

Amount in ₹

Sr. No	Particulars	Actual Amount of Commission paid during 2013-14	Sitting Fees paid during 2013-14
1	Mr. S Mohanchand Dadha	15,00,000	70,000
2	Mr. Hasmukh S. Shah	15,00,000	70,000
3	Mr. Keki M. Mistry	15,00,000	35,000
4	Mr. Ashwin S. Dani	15,00,000	45,000
5	Ms. Rekha Sethi	3,75,000#	5,000

Was appointed w.e.f 13th February, 2014 therefore amount of commission mentioned herein above is on proportionate basis, for the period from 13th February, 2014 to 31st March, 2014.

The Company had then made application to Central Government in 2014 for the approval of waiver of the aforementioned commission. However, the same remained pending for approval till last year.

Thereafter, in view of the Notification No. S.O. 4823 (E) dated September 12, 2018, Section 197(15) of the Companies Act, 2013 ('the Act') as amended by Companies (Amendment) Act, 2017 was notified and thus all the applications pending approval of Central Government were abated.

Consequently, pursuant to the above amendment and in response to the applications made by the Company in 2014 to the Central Government for non recovery of excess commission to the Non-Executive Directors, the Company had on October 22, 2018 and October 23, 2018 received e-mails and letters stating interalia that the aforesaid applications made by the Company for commission paid to Mr. Hasmukh S. Shah, Mr. Keki M. Mistry and Mr. Ashwin S. Dani, Mr. S Mohanchand Dadha, Ms. Rekha Sethi respectively, stood abated.

As per the provisions of Section 197 (10) of the Act as amended by the Companies (Amendment) Act, 2017, the recovery of excess remuneration refundable to the Company needs to be approved by the members by special resolution within two years from the date the sum becomes refundable or within one year from the date of Notification i.e. upto September 11, 2019. Therefore, consent of the members of the Company is again being sought for passing of a Special Resolution as set out in Item No. 6 to waive the recovery of the aforementioned excess commission paid. The Board of Directors recommends the special resolution as set out in Item no. 6 for approval of the members.

The applications made to the Central Government and the correspondence thereafter with the Ministry of Corporate Affairs are available for inspection by any member of the Company at the Registered Office of the Company on all working days except Saturdays and Sundays between 11:00 a.m. IST and 1:00 p.m. IST up to the date of this 27th Annual General Meeting and at the venue of this Annual General Meeting during Meeting hours.

None of the existing Directors or Key Managerial Personnel or their relatives, other than Ms. Rekha Sethi, and her relatives, are deemed to be concerned or interested in this resolution.

Item No. 7:

At the 26th Annual General Meeting of the Company, the Members had approved the re-appointment of Mr. Kalyanasundaram Subramanian (DIN: 00179072) ("Kal") as Whole-time Director for a further period of 2 (Two) years with effect from February 14, 2019 to February 13, 2021 without any remuneration.

Mr. Kal had also been reappointed as the CEO & Whole-time Director of Sun Pharma Laboratories Limited ("SPLL"), a wholly owned subsidiary of the Company at its Annual General Meeting held on September 25, 2018 for a further period of 2 (two) years i.e. from February 13, 2019 to February 12, 2021, at a remuneration as decided by the Board of Directors of SPLL.

Mr. Kal has with effect from July 04, 2019, stepped down from the position of CEO & Whole-time Director of SPLL, however, he shall continue to be Non-Executive and Non-Independent Director of SPLL, and the same has been approved by the Board of Directors, as recommended by Nomination and Remuneration Committee of SPLL. Since Mr. Kal has now stepped down as CEO & Whole-time Director of SPLL and has become Non Executive Director of SPLL, he will not be drawing any remuneration from SPLL with effect from July 04, 2019.

In view thereof, there is also a change in roles and responsibilities in the Company of Mr. Kal, Whole-time Director of the Company, who was responsible as Head for India Business, Emerging Market and Consumer Health Care of the Company until now. The Board of Directors and the Nomination and Remuneration Committee have, by way of circular resolution, approved change of Mr. Kalyanasundaram Subramanian's responsibility from India Business, Emerging Market and Consumer Health Care to the new responsibility covering

China and Japan Business and Corporate Strategic Initiatives of the Company, with effect from July 04, 2019.

Due to change of Mr. Kal's responsibilities in the Company and his change of designation to Non Executive Director in SPLL, the Board has also approved payment of remuneration, from the Company, to Mr. Kal as Whole-time Director for a period from July 04, 2019 upto the remaining term of his appointment i.e. upto February 13, 2021, as recommended by the Nomination and Remuneration Committee, subject to approval of members.

The Board recommends to the members for their approval, the overall limit of remuneration of Mr. Kal as stated in the resolution Item No. 7 and the actual remuneration payable to Mr. Kal shall be determined by the Board of Directors, as recommended by the Nomination and Remuneration Committee, from time to time within, however, the maximum limits approved by the members.

It may be noted that the main terms and conditions of Mr. Kal's re-appointment, other than remuneration, shall remain the same as per the resolution passed by the members at the 26th AGM held on September 26, 2018 and agreement dated January 29, 2019, entered into between the Company and Mr. Kal.

The Board has approved the following remuneration to Mr. Kal (subject to revision), with effect from July 04, 2019 on proportionate basis, as recommended by the Nomination and Remuneration Committee, subject to the overall limit to be approved by the members:

Remuneration of Mr. Kal per annum:

Particulars	Amount in ₹
Salary including allowances, bonus and perquisites excluding contribution to provident fund	4,98,62,186
Variable Pay	75,00,000
Total	**5,73,62,186**

The Board recommends the Resolution set out in Item No. 7 of this Notice for approval of the members as Special Resolution as per requirement of Schedule V of the Act.

The draft agreement to be entered into with Mr. Kalyanasundaram Subramanian, his appointment letter and copy of the resolution passed at the 26th AGM of the Company held on September 26, 2018 for re-appointment of Mr. Kal alongwith the explanatory statement are available for inspection by any member of the Company at the Registered Office of the Company on all working days except Saturdays and Sundays between 11:00 a.m. IST and 1:00 p.m. IST up to the date of this 27th Annual General Meeting and at the venue of this Meeting during Meeting hours.

None of the Directors, Key Managerial Personnel of the Company or their relatives, except Mr. Kalyanasundaram Subramanian to whom this resolution relates and his relatives, are in anyway concerned or interested in the resolution as set out at item no. 7 of this Notice.

PROFILE OF DIRECTORS

(Details of Directors proposed to be appointed/ reappointed)

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and as required under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS – 2), the particulars of Directors who are proposed to be appointed / reappointed and / or whose remuneration is proposed to be approved at this 27th Annual General Meeting, are given below:

The details of Board and Committee Meetings attended by these Directors during the year 2018-19 are stated in the Corporate Governance Report which forms part of this Annual Report.

The details of remuneration, wherever applicable, are provided in the respective resolution(s).

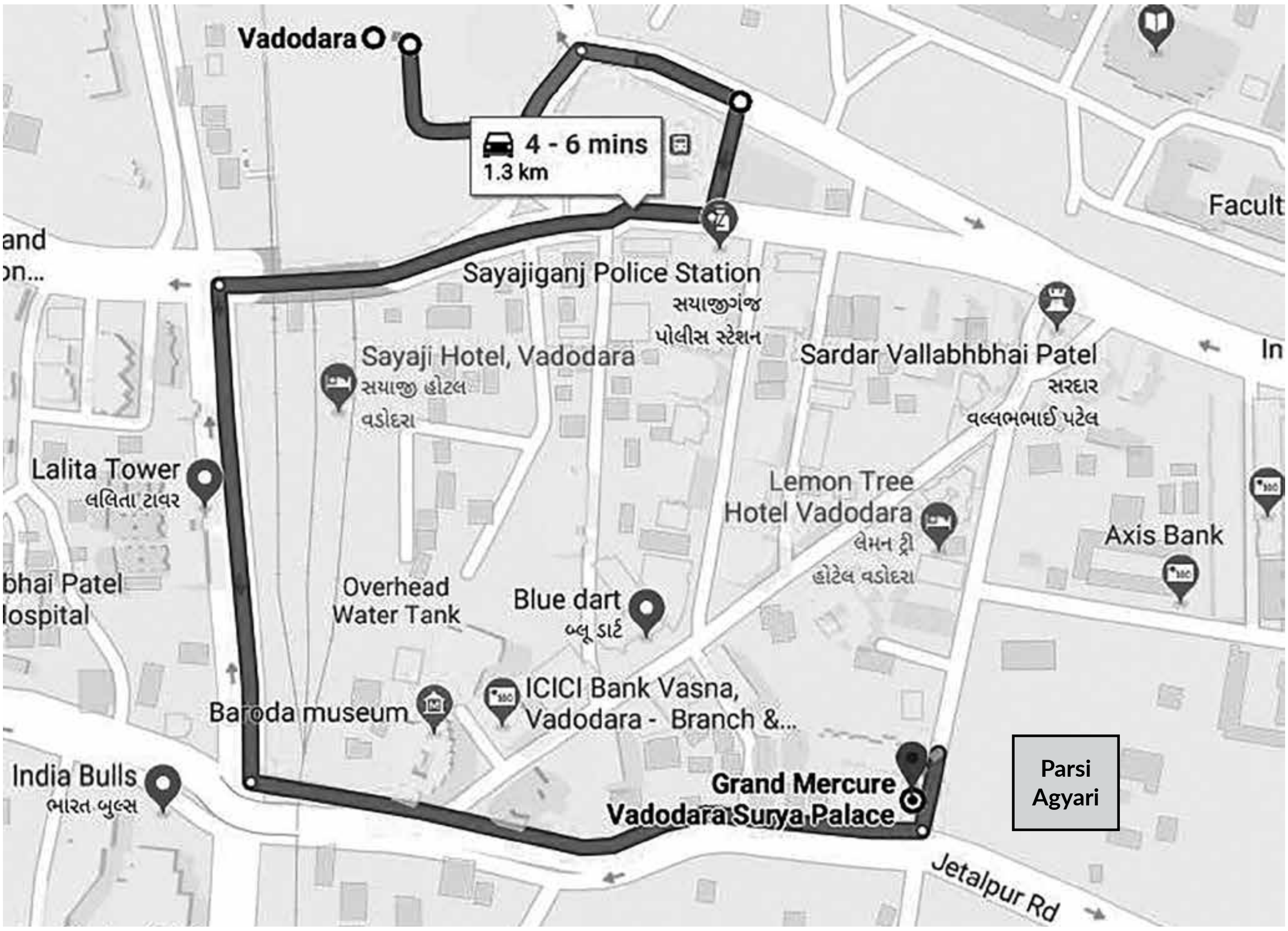
Particulars	Mr. Sailesh T. Desai
Age	65 Years
Brief resume of the Director including nature of expertise in specific functional areas:	Mr. Sailesh T. Desai is a science graduate from Kolkata University and is a successful entrepreneur with more than three decades of wide industrial experience including more than two decades in the pharmaceutical industry.
Date of First appointment on the Board:	March 25, 1999
Directorship held in other companies (excluding foreign companies & section 8 companies):	1. Sun Pharma Laboratories Limited 2. Sun Pharmaceutical Medicare Limited 3. Universal Enterprises Private Limited 4. Sun Pharma Distributors Limited
Membership / Chairmanships of Committees of other public Companies:	Sun Pharma Laboratories Limited - Member of Nomination and Remuneration Committee
Inter-se Relationship between Directors:	None
No. of Shares held in the Company (singly or jointly as first holder) as on March 31, 2019:	3738747 Equity Shares

Particulars	Mr. Kalyanasundaram Subramanian ("Mr. Kal")
Age	65 Years
Brief resume of the Director including nature of expertise in specific functional areas:	Mr. Kal joined Sun Pharmaceutical Industries Limited (SPIL) in January 2010 after 22 years with GSK in various parts of the world. Mr. Kal is a Chemistry graduate and a Chartered Accountant from India with 38 years of experience of which some 31 years in the pharmaceutical industry. Mr. Kal's career in Pharma industry began when he joined Burroughs Wellcome, in New Zealand as Commercial Advisor in 1988. His long and varied career with Burroughs Wellcome in New Zealand which was acquired by Glaxo to become GlaxoWellcome and finally GlaxoSmithKline, includes assignments as Vice President, head of Classic Brands business of Emerging Markets; Area Director South Asia & Managing Director, GSK India; Managing Director – GlaxoWellcome, Singapore (Singapore, Indochina & Myanmar). Commercial Director - Burroughs Wellcome, New Zealand. In 2010, Mr. Kal Joined SPIL as the Chief Executive Officer to manage India and Emerging Markets (EM) and was a board member of the Company. Mr. Kal spearheaded opening of SPIL operations in few important markets such as Japan, MENA. In 2012, Mr. Kal moved to USA to assume responsibility for Taro operations in North America. In January 2017, Mr. Kal moved back to India to manage India and EM regions of SPIL. He was also a Whole-time Director and CEO of Sun Pharma Laboratories Limited till July 04, 2019. He is now Non-Executive Director in SPLL.
Date of First appointment on the Board:	February 14, 2017
Directorship held in other companies (excluding foreign companies & section 8 companies):	1. Sun Pharma Laboratories Limited 2. Sun Pharma Distributors Limited
Membership / Chairmanships of Committees of other public Companies:	Sun Pharma Laboratories Limited - Member of Corporate Social Responsibility Committee
Inter-se Relationship between Directors:	None
No. of Shares held in the Company (singly or jointly as first holder) as on March 31, 2019:	201 Equity Shares

Route Map to 27th AGM Venue

Crystal Hall, Grand Mercure Vadodara Surya Palace, Vadodara

Prominent Landmark: Opposite Parsi Agyari, Sayajigunj



Sun Pharmaceutical Industries Ltd.

Registered Office: SPARC Tandalja, Vadodara - 390 012, Gujarat, India **Tel Nos:** 0265-6615500 / 600/700 **Fax No:** 0265-2354897
Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon -East, Mumbai - 400 063, India.
CIN: L24230GJ1993PLC019050 **Website:** www.sunpharma.com **Email:** secretarial@sunpharma.com

ATTENDANCE SLIP

TWENTY SEVENTH ANNUAL GENERAL MEETING ON WEDNESDAY, AUGUST 28, 2019 AT 3:15 P.M.

I /We hereby record my presence at the **Twenty Seventh Annual General Meeting of the Company at Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj , Vadodara - 390 020, Gujarat, India on Wednesday, August 28, 2019 at 03:15 P.M. IST**

Registered Folio/DPID & Client ID:...No. of shares..

Name and address of the Member:...
Joint Holder 1:...
Joint Holder 2:...

Signature of the Attending Member:...Signature of Proxy:...

NOTES:

(1) Member/ Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.

(2) Member/ Proxy holder desiring to attend the meeting should bring his/her copy of the Notice and Annual Report for reference at the meeting.

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	* PAN
190715011	Use your DP ID/ Client ID/ Folio No.	Use your PAN. *Members who have not updated their PAN with the Company/ Depository Participant shall use e-voting code printed on the address label on the envelope in the PAN field. For those having email IDs the e-voting code is sent by email.

— — — — — — — — — — — — — — Cut here — — — — — — — — — — — — — —

Sun Pharmaceutical Industries Ltd.

Registered Office: SPARC Tandalja, Vadodara - 390 012, Gujarat, India **Tel Nos:** 0265-6615500 / 600/700 **Fax No:** 0265-2354897
Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon -East, Mumbai - 400 063, India.
CIN: L24230GJ1993PLC019050 **Website:** www.sunpharma.com **Email:** secretarial@sunpharma.com

PROXY FORM

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

[Form MGT-11]

Name of the member:...
Registered address:..
No. of Shares held:...Folio No./DP Id & Client Id:...
Joint Holder(s):...
E-mail Id:..
I/We, being the member(s), holding .... shares of Sun Pharmaceutical Industries Limited, hereby appoint:

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty Seventh Annual General Meeting of the Company, to be held on Wednesday, August 28, 2019 at 03:15 P.M. at Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj, Vadodara - 390 020, Gujarat, India** and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Resolution No.	Resolution
	ORDINARY BUSINESS:
1.	a. Adoption of audited standalone financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon
	b. Adoption of audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Auditors thereon
2.	Declaration of dividend on equity shares for the financial year ended March 31, 2019
3.	Re-appointment of Mr. Sailesh T. Desai (DIN: 00005443), who retires by rotation and being eligible offers himself for re-appointment
4.	Re-appointment of Mr. Kalyanasundaram Subramanian (DIN: 00179072), who retires by rotation and being eligible offers himself for re-appointment
	SPECIAL BUSINESS:
5.	Ordinary Resolution for ratification of remuneration of, M/s. B M Sharma & Associates, Cost Auditors.
6.	Special Resolution for consent/ratification of excess commission paid to Non-executive Directors for the year 2013-14 pursuant to the letter received from MCA in respect of abatement of the pending applications for approval of remuneration .
7.	Special Resolution for approval of remuneration to be paid to Mr. Kalyanasundaram Subramanian, Whole-time Director, with effect from July 04, 2019

Signature of Shareholder: .... Signed this .... day of 2019

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

Affix Revenue Stamp of ₹1/-

Note:

1. The form of Proxy must be deposited at the Registered Office of the Company at SPARC, Tandalja, Vadodara – 390 012, Gujarat, India, at least 48 (Forty Eight) hours before the scheduled time of the commencement of the said Meeting.
2. All alterations made in the form of proxy should be initialed.
3. Please affix appropriate revenue stamp before putting signatures.
4. In case of multiple proxies, the proxy later in time shall be accepted.

Corporate Information

Board of Directors

Israel Makov
Chairman

Dilip S. Shanghvi
Managing Director

Sudhir V. Valia
Whole-time Director
(Designation changed from Whole-time Director to Non-executive and Non independent Director w.e.f. May 29, 2019)

Sailesh T. Desai
Whole-time Director

Mr. Kalyanasundaram Subramanian
Whole-time Director

S. Mohanchand Dadha
Director (upto September 26, 2018)

Keki M. Mistry
Director (upto September 26, 2018)

Ashwin Dani
Director (upto September 26, 2018)

Rekha Sethi
Director

Vivek Chaand Sehgal
Director

Gautam Doshi
Director (appointed w.e.f. May 25, 2018)

Chief Financial Officer

C. S. Muralidharan

Company Secretary

Sunil R. Ajmera

Auditors

S R B C & Co. LLP
Chartered Accountants, Mumbai

Registrars & Share Transfer Agents

Link Intime India Pvt. Ltd.
C 101, 247 Park,
L B S Marg, Vikhroli (West),
Mumbai – 400 083
Tel: (022)-49186000
Fax: (022)-49186060
E-mail: sunpharma@linkintime.co.in,
rnt.helpdesk@linkintime.co.in

Operational manufacturing plants

1 Dewas, Madhya Pradesh, India
2 Karkhadi, Gujarat, India
3 Baddi, Himachal Pradesh, India
4 Dadra, Dadra & Nagar Haveli, India
5 Ponda, Goa, India
6 Halol, Gujarat, India
7 Mohali, Punjab, India
8 Paonta Sahib, Himachal Pradesh, India
9 Silvassa, Dadra & Nagar Haveli, India
10 Ahmednagar, Maharashtra, India
11 Ankleshwar, Gujarat, India
12 Dahej, Gujarat, India
13 Maduranthakam, Tamil Nadu, India
14 Malanpur, Madhya Pradesh, India
15 Panoli, Gujarat, India
16 Toansa, Punjab, India
17 Sun Pharma Laboratories Ltd., Guwahati, Assam, India
18 Sun Pharma Laboratories Ltd., Jammu, Jammu & Kashmir, India
19 Sun Pharma Laboratories Ltd., Ranipool, Sikkim, India (Unit I)
20 Sun Pharma Laboratories Ltd., Ranipool, Sikkim, India (Unit II)
21 Sun Pharmaceutical Medicare Ltd., Baska, Gujarat, India
22 Sun Pharmaceutical Industries (Australia) Pty Ltd.
23 Sun Pharmaceutical Industries (Australia) Pty Ltd.
24 Sun Pharmaceutical (Bangladesh) Ltd., Joydevpur, Gazipur, Bangladesh
25 Taro Pharmaceuticals Inc., Brampton, Ontario, Canada
26 Ranbaxy Egypt (L.L.C.), October City, Giza, Egypt
27 Alkaloida Chemical Company Zrt, Tiszavasvari, Kabay, Hungary
28 Taro Pharmaceutical Industries Ltd., Haifa Bay, Israel
29 Ranbaxy Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia
30 Ranbaxy Nigeria Ltd., Lagos (Magboro), Nigeria
31 S.C Terapia S. A. Cluj, Romania
32 JSC Biosintez, Penza, Russia
33 Ranbaxy Pharmaceuticals Pty Ltd.
34 Chattem Chemicals, Inc., Chattanooga, US
35 Dusa Pharmaceuticals Inc., Wilmington, Massachusetts, US
36 Ohm Laboratories, Inc., Brunswick, New Jersey, US
37 Pharmalucence Inc., Billerica Massachusetts, US
38 Sun Pharmaceutical Industries Inc., Cranbury, New Jersey, US
39 Pola Pharma Inc, Saitama, Japan (Unit I)
40 Pola Pharma Inc, Saitama, Japan (Unit II)

Offices

Registered office
Sun Pharma Advanced Research Centre (SPARC),
Tandalja,
Vadodara – 390 012, Gujarat

Corporate office
Sun House, Plot No. 201 B/1,
Western Express Highway,
Goregaon (E), Mumbai 400063,
Maharashtra
CIN: L24230GJ1993PLC019050
Tel: (022)-4324 4324
Fax: (022)-4324 4343
E-mail: secretarial@sunpharma.com

Major R&D centres

1 **India**
Sun Pharma Advanced Research Centre, F.P.27, Part Survey No. 27, C.S. No. 1050, TPS No. 24, Village Tandalja, District Vadodara - 390 012, Gujarat

2 **India**
17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai - 400 093, Maharashtra

3 **India**
Village Sarhaul, Sector-18 , Gurgaon - 122 015, Haryana

4 **Israel**
Chemistry and Discovery Research Israel, 14 Hakitor Street, P.O. Box 10347 Haifa Bay 2624761, Israel

5 **Canada**
Taro Pharmaceuticals Inc., 130 East Drive, Brampton, Ontario L6T 1C1, Canada

6 **USA**
Ohm Laboratories Inc., Terminal Road, New Brunswick, New Jersey 08901, US

SUN HOUSE

Plot No. 201 B/1, Western Express Highway, Goregaon (E), Mumbai 400063, Maharashtra, India.
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