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 venture comprising of the consolidated Balance sheet as at March 31, 2020, 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 and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, 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 venture as at March 31, 2020, 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, associates and joint venture 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, 2020. 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 39 of the consolidated Ind AS financial statements)	
The Group is involved in various legal proceedings including product liability, contracts, employment claims, Department of Justice (DOJ) investigations, 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. 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 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. • Circulated, obtained and 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 53 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 is 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 and evaluated 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. • Evaluated adequacy of disclosures as required by Ind AS 115
Goodwill and other intangible assets (as described in note 3b and 47 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 is 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 mathematical accuracy and 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.

Key audit matter	How our audit addressed the key audit matter
Tax litigations and recognition of deferred tax assets (as described in note 39 and 50 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 and hence has been considered as a Key Audit Matter. Recognition of deferred tax assets involves 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. • Obtained complete list of ongoing tax litigations from management along-with their assessment of the cases based on past precedents, judgements and matters in the jurisdiction, legal opinions sought by management, correspondences with tax department etc. • 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 consolidated Ind AS financial statements.
Identification and disclosure of related parties (as described in note 74 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 74 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.
Functional currency related to Taro Canada (as described in Note 70 of the consolidated Ind AS financial statements)	
As described in Note 70 to the consolidated financial statements, the Group changed Taro Canada's functional currency to the USD effective as of April 1, 2019. The change in the functional currency involved significant management's judgment in evaluating relevant facts and circumstances. We identified the accounting evaluation supporting the change in the functional currency as a key audit matter which involved management judgment in evaluating the primary and other indicators under Ind AS 21 to assess the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions in the light of business changes. This also involved significant auditor attention and judgment due to the nature and materiality of the matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated and tested the operating effectiveness of the controls over accounting evaluation for change in the functional currency. • Evaluated the relevant facts and circumstances related to the determination of the functional currency. • Reviewed position papers and analysis prepared by management and management's specialist. • Assessed the appropriateness of conclusions reached by the Group with respect to the accounting related to the change of the functional currency. • Evaluated the disclosures in the consolidated Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
COVID-19: Impact on financial reporting and audit procedures (as described in Note 65 of the consolidated Ind AS financial statements)	
Coronavirus disease 2019 ("COVID-19), was declared a global pandemic by World Health Organisation. COVID-19 has caused severe disruptions, caused by Government actions, consequent business decisions or economic environment developments. As a measure for containment of COVID19, lockdowns were imposed by Governments in various geographies where the Group operates. The extent to which COVID-19 impacts the Group's operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain or treat its impact. It has led to the reassessment of certain assumptions and judgements used in preparation of financial statements. Further, the lockdown restrictions caused by COVID19 has also necessitated alternative audit procedures to be used and required us to exercise significant judgement on their use.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Inquired with the Group on Government actions including tax breaks and incentives, consequent business decisions, subsequent events and other economic developments which could have an impact on the financial statements and ascertained whether the impact has been appropriately recorded. • Inquired with management the exposure to litigation or financial penalties that could adversely impact the Group's financial results in case of material interruption of supply and invocation of failure to supply clauses in several long-term contracts with customers in various geographies, including the United States. Obtained and read the relevant agreements and correspondence with customers and legal counsel to assess the appropriateness of the impact of such clauses. • Revisited the assumptions in the ECL model to assess if any change was required to incorporate the impact of COVID 19. • Assessed the impact of COVID 19 on assumptions in matters involving use of significant judgements and estimations. Such matters are described in section Litigations, Rebates, discounts, chargebacks, returns and other allowances, Goodwill and other intangible assets & Tax litigations and recognition of deferred tax assets of our audit report. • Regular inventory counts which are performed as at year-end could not be performed and hence alternative procedures have been performed and the inventory balances have been rolled back to year-end. The alternative procedures also involved, engaging independent Chartered Accountants to conduct post year-end stock counts and roll back procedures under our direction and supervision in locations where it was impracticable for us to do.

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 venture 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 venture 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 venture 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 venture are responsible for assessing the ability of the Group and of its associates and joint venture 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.

Those 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 venture.

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 with reference to financial statements 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 venture 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 venture 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 venture 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 Ind AS 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, 2020 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 26 subsidiaries, whose Ind AS financial statements, without giving the effect to elimination of intra group transactions, include total assets of ₹441,388.9 Million as at March 31, 2020, and total revenues of ₹146,481.0 Million and net cash outflows of ₹4,596.3 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. 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 venture 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, 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 Holding 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 Holding 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 management of the Holding 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 22 subsidiaries, whose financial statements and other financial information, without giving the effect to the elimination of intra group transactions, reflect total assets of ₹247,169.7 Million as at March 31, 2020, and total revenues of ₹5,959.1 Million and net cash outflows of ₹148.7 Million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by management. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹148.3 Million for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 4 associates and a joint venture, whose financial statements, other financial information have not been audited and whose unaudited financial statements, 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, joint venture 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 venture and associates, is based solely on such unaudited financial statements 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 venture, 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, 2020 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 venture, none of the directors of the Group's companies, its associates and joint venture, incorporated in India, is disqualified as on March 31, 2020 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, 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 and associates incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and associates 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 venture, 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 venture in its consolidated Ind AS financial statements – Refer Note 39 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 28 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint venture 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 venture incorporated in India, except a sum of ₹1.05 Million, which is held in abeyance due to pending legal cases.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 20105754AAAACT7968

Place of Signature: Pune
Date: May 27, 2020

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, 2020, 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, 2020, 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 Ind AS 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 Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 20105754AAAACT7968

Place of Signature: Pune
Date: May 27, 2020

Consolidated Balance Sheet

as at March 31, 2020

₹ in Million

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3A (I) & (II)	105,674.3	100,274.2
(b) Capital work-in-progress		6,589.1	9,107.9
(c) Goodwill (Net)	47	64,814.6	59,557.7
(d) Other intangible assets	3B	57,980.2	58,533.5
(e) Intangible assets under development		5,614.3	5,003.6
(f) Investment in associates	4	2,153.9	2,163.4
(g) Investment in joint venture	5	275.7	262.0
(h) Financial assets			
(i) Investments	6	50,027.9	37,092.7
(ii) Loans	7	7.9	170.4
(iii) Other financial assets	8	1,048.8	787.7
(i) Deferred tax assets (Net)	50	31,752.9	25,548.7
(j) Income tax assets (Net)	9	33,842.5	32,660.9
(k) Other non-current assets	10	6,200.9	5,083.5
Total non-current assets		**365,983.0**	**336,246.2**
(2) Current assets			
(a) Inventories	11	78,749.9	78,859.8
(b) Financial assets			
(i) Investments	12	48,973.6	39,507.2
(ii) Trade receivables	13	94,212.4	88,842.0
(iii) Cash and cash equivalents	14	56,766.1	70,623.0
(iv) Bank balances other than (iii) above	15	8,109.4	2,133.0
(v) Loans	16	1,483.8	3,093.5
(vi) Other financial assets	17	9,293.4	7,177.0
(c) Other current assets	18	18,953.0	20,456.4
Total current assets		**316,541.6**	**310,691.9**
TOTAL ASSETS		**682,524.6**	**646,938.1**

Consolidated Balance Sheet

as at March 31, 2020

₹ in Million

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	2,399.3	2,399.3
(b) Other equity	20	450,245.2	411,691.3
Equity attributable to the equity shareholders of the Company		**452,644.5**	**414,090.6**
Non-controlling interests	71	38,602.4	33,135.4
Total equity		**491,246.9**	**447,226.0**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	20,289.2	15,226.1
(ii) Other financial liabilities	22	424.1	30.6
(b) Provisions	23	5,110.0	4,303.9
(c) Deferred tax liabilities (Net)	50	581.4	1,042.8
(d) Other non-current liabilities	24	7,808.7	5,712.5
Total non-current liabilities		**34,213.4**	**26,315.9**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	55,493.8	83,707.6
(ii) Trade payables		40,937.3	41,478.7
(iii) Other financial liabilities	26	12,448.2	10,273.2
(b) Other current liabilities	27	6,462.9	7,344.0
(c) Provisions	28	39,701.8	29,323.3
(d) Current tax liabilities (Net)	29	2,020.3	1,269.4
Total current liabilities		**157,064.3**	**173,396.2**
Total liabilities		**191,277.7**	**199,712.1**
TOTAL EQUITY AND LIABILITIES		**682,524.6**	**646,938.1**

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
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 27, 2020

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

₹ in Million

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
(I) Revenue from operations	30	328,375.0	290,659.1
(II) Other income	31	6,359.8	10,254.9
(III) Total income (I+II)		**334,734.8**	**300,914.0**
(IV) Expenses			
Cost of materials consumed	32	55,152.3	57,827.0
Purchases of stock-in-trade		34,143.7	25,193.8
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	3,008.5	(4,331.1)
Employee benefits expense	34	63,623.5	59,670.9
Finance costs	35	3,027.3	5,552.5
Depreciation and amortisation expense	3 (A & B)	20,527.8	17,532.5
Other expenses	36	102,705.5	88,290.6
Net (gain) / loss on foreign currency transactions		(156.1)	932.0
Total expenses (IV)		**282,032.5**	**250,668.2**
(V) Profit before exceptional items and tax (III-IV)		52,702.3	50,245.8
(VI) Exceptional items	61	2,606.4	12,143.8
(VII) Profit before tax (V-VI)		**50,095.9**	**38,102.0**
(VIII) Tax expense/(credit)			
Current tax		13,201.4	8,039.6
Deferred tax		(4,973.4)	(2,030.8)
Total tax expense (VIII)	49	**8,228.0**	**6,008.8**
(IX) Profit for the year before share of profit/(loss) of associates and joint venture (VII-VIII)		41,867.9	32,093.2
(X) Share of profit/(loss) of associates (net of tax)		(138.3)	(7.1)
(XI) Share of profit/(loss) of joint venture (net of tax)		(10.0)	(7.5)
(XII) Profit for the year before non-controlling interests (IX+X+XI)		**41,719.6**	**32,078.6**
(XIII) Non-controlling interests	71	4,070.3	5,424.4
(XIV) Profit for the year attributable to owners of the Company (XII-XIII)		**37,649.3**	**26,654.2**
(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		(417.7)	231.0
Income tax on above		145.9	(80.7)
		(271.8)	**150.3**
(b) Gain/(loss) on equity instruments through other comprehensive income		(896.4)	8.6
Income tax on above		13.5	18.2
		(882.9)	**26.8**
Total (A)		**(1,154.7)**	**177.1**

Consolidated Statement of Profit and Loss
for the year ended March 31, 2020

₹ in Million

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
(B) Items that may be reclassified to profit or loss			
(a) Gain/(loss) on debt instruments through other comprehensive income		(664.2)	105.2
Income tax on above		44.8	(4.0)
		(619.4)	**101.2**
(b) Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		(1,184.4)	539.0
Income tax on above		376.3	(180.6)
		(808.1)	**358.4**
(c) Exchange differences in translating the financial statements of foreign operations		30,049.5	19,972.5
Income tax on above		-	(759.5)
		30,049.5	**19,213.0**
(d) Exchange differences on translation of net investment in foreign operations		(6,259.0)	(3,049.8)
Total (B)		**22,363.0**	**16,622.8**
(XV) Total other comprehensive income (A + B)		**21,208.3**	**16,799.9**
(XVI)Total comprehensive income for the year (XII+XV)		**62,927.9**	**48,878.5**
Other comprehensive income for the year attributable to:			
- Owners of the Company		18,419.1	15,399.9
- Non-controlling interests		2,789.2	1,400.0
Total comprehensive income for the year attributable to:			
- Owners of the Company		56,068.4	42,054.1
- Non-controlling interests		6,859.5	6,824.4
Earnings per equity share (face value per equity share - ₹1)	51		
Basic (in ₹)		15.7	11.1
Diluted (in ₹)		15.7	11.1

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
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 27, 2020

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

₹ in Million

Particulars	Equity share capital	Other equity													Attributable to owners of Parent Company	Non-controlling interests	TOTAL
		Reserves and surplus								Other comprehensive income (OCI)							
		Capital reserve	Securities premium	Debenture redemption reserve	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, 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
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 75)	-	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**
Profit for the year	-	-	-	-	-	-	-	-	37,649.3	-	-	-	-	37,649.3	4,070.3	41,719.6
Exchange difference arising on translation of foreign operations/ net investment in foreign operations, net of tax	-	-	-	-	-	-	-	-	-	-	-	20,862.3	-	20,862.3	2,928.2	23,790.5
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	*(272.0)	(522.4)	(883.0)	-	(765.8)	(2,443.2)	(139.0)	(2,582.2)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	**37,377.3**	**(522.4)**	**(883.0)**	**20,862.3**	**(765.8)**	**56,068.4**	**6,859.5**	**62,927.9**

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

₹ in Million

Particulars	Equity share capital	Other equity												Attributable to owners of Parent Company	Non-controlling interests	TOTAL
		Reserves and surplus								Other comprehensive income (OCI)						
		Capital reserve	Securities premium	Debenture redemption reserve	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			
Payment of dividend	-	-	-	-	-	-	-	-	(13,789.6)	-	-	-	-	(13,789.6)	44.5	(13,745.1)
Dividend distribution tax	-	-	-	-	-	-	-	-	(2,834.5)	-	-	-	-	(2,834.5)	-	(2,834.5)
Buy-back / purchase of equity shares by overseas subsidiaries company	-	-	-	-	-	-	-	-	(831.6)	-	-	-	-	(831.6)	(1,437.0)	(2,268.6)
Expenditure on buy-back of equity shares by Parent company (Refer note 73)	-	-	(58.8)	-	-	-	-	-	-	-	-	-	-	(58.8)	-	(58.8)
Transfer from surplus in consolidated statement of profit and loss as per the local law of an overseas subsidiaries	-	-	-	-	-	-	23.0	-	(23.0)	-	-	-	-	-	-	-
Balance as at March 31, 2020	2,399.3	3,681.7	11,874.1	-	43.8	7.5	230.5	35,621.0	353,200.5	(533.6)	749.9	45,799.0	(429.2)	452,644.5	38,602.4	491,246.9

* Represents re-measurements of the defined benefit plans
^ (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
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 27, 2020

Consolidated Cash Flow Statement

for the year ended March 31, 2020

₹ In Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	50,095.9	38,102.0
Adjustments for:		
Depreciation and amortisation expense	20,527.8	17,532.5
Impairment of property, plant and equipment, goodwill and other intangible assets	1.5	12.9
Loss on sale / write off of property, plant and equipment and other intangible assets, net	52.2	665.6
Finance costs	3,027.3	5,552.5
Interest income	(3,546.2)	(6,692.1)
Dividend income on investments	(561.8)	(223.8)
Net gain arising on financial assets measured at fair value through profit or loss	(571.9)	(1,433.6)
Net gain on sale of financial assets measured at fair value through profit or loss	(246.7)	(180.3)
Net (gain)/ loss on sale of financial assets measured at fair value through other comprehensive income	(0.4)	0.1
Provision / write off /(reversal) for doubtful trade receivables / advances	1,068.1	(339.4)
Sundry balances written back, net	(52.2)	(64.5)
Effect of exchange rate changes	227.7	4,856.7
Operating profit before working capital changes	**70,021.3**	**57,788.6**
Movements in working capital:		
(Increase) / Decrease in inventories	2,567.7	(7,090.0)
(Increase) / Decrease in trade receivables	(3,740.5)	(8,578.4)
(Increase) / Decrease in other assets	(1,751.9)	993.7
Increase / (Decrease) in trade payables	(1,365.7)	(8,544.6)
Increase / (Decrease) in other liabilities	2,363.3	137.2
Increase / (Decrease) in provisions	10,912.6	(3,877.9)
Cash generated from operations	**79,006.8**	**30,828.6**
Income tax paid (net of refund)	(13,459.1)	(8,864.1)
Net cash generated from operating activities (A)	**65,547.7**	**21,964.5**
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)	(15,420.0)	(32,128.2)
Proceeds from disposal of property, plant and equipment and other intangible assets	920.3	504.7
Loans / inter corporate deposits given / placed	(191.3)	(783.3)
Loans / inter corporate deposits received back / matured	1,875.4	1,230.7
Purchase of investments	(334,453.9)	(353,957.3)
Proceeds from sale of investments	318,936.3	352,070.3
Bank balances not considered as cash and cash equivalents		
Fixed deposits / margin money placed	(9,694.5)	(4,486.1)
Fixed deposits / margin money matured	8,192.9	23,897.5
Net cash outflow on acquisition of subsidiary	-	(228.0)
Interest received	3,384.6	6,843.4
Dividend received	561.8	223.8
Net cash used in investing activities (B)	**(25,888.4)**	**(6,812.5)**

Consolidated Cash Flow Statement

for the year ended March 31, 2020

₹ In Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash flow from financing activities		
Proceeds from borrowings	105,515.7	176,975.2
Repayment of borrowings @	(138,934.6)	(168,073.7)
Payment for buy-back of equity shares of parent and buy-back of equity shares held by non-controlling interests of subsidiaries	(2,124.8)	(6,088.2)
Dividend payment to non-controlling interests	(201.4)	(8,455.5)
Net increase / (decrease) in working capital demand loans	2,189.0	(11,273.5)
Proceeds from issue of equity shares on exercise of stock options / share application money received	-	3.8
Transfer to escrow account for buy-back *	(4,250.0)	-
Finance costs	(2,718.9)	(4,606.6)
Dividend paid	(13,791.9)	(4,801.8)
Dividend distribution tax	(2,834.5)	(984.9)
Net cash used in financing activities (C)	**(57,151.4)**	**(27,305.2)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(17,492.1)**	**(12,153.2)**
Cash and cash equivalents at the beginning of the year	70,623.0	79,064.5
Cash and cash equivalents taken over on acquisition of subsidiary	-	455.2
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	3,635.2	3,256.5
Cash and cash equivalents at the end of the year	**56,766.1**	**70,623.0**

@ Includes payment of lease obligation.

* Represents amount transferred to escrow account in compliance with Securities and Exchange Board of India (Buy-back of Securities) Regulation, 2018.

Notes:

Cash and cash equivalents comprises of

₹ In Million

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	18,936.0	33,540.6
In deposit accounts with original maturity less than 3 months	37,662.8	36,308.9
Cheques, drafts on hand	152.7	764.3
Cash on hand	14.6	9.2
Cash and cash equivalents (Refer note 14)	**56,766.1**	**70,623.0**

Consolidated Cash Flow Statement

for the year ended March 31, 2020

Change in financial liability/ asset arising from financing activities

Particulars	Year ended March 31, 2020	
	Borrowings #	Derivatives, net [(Liabilities) / Asset]
Opening balance	**105,143.6**	**94.8**
Changes from financing cash flows	(29,790.0)	(265.4)
The effect of changes in foreign exchange rates	5,590.1	50.7
Other changes	(1,235.2)	
Changes in fair value	-	(235.1)
Closing balance	**79,708.5**	**(355.0)**

Closing balance of Borrowing excludes Lease liability and the reversal of opening lease liability has been considered in other changes.

Particulars	Year ended March 31, 2019	
	Borrowings	Derivatives, net [(Liabilities) / Asset]
Opening balance	**103,852.7**	**754.1**
Changes from financing cash flows	(2,372.0)	(827.8)
The effect of changes in foreign exchange rates	3,300.1	73.7
Other changes	362.8	-
Changes in fair value	-	94.8
Closing balance	**105,143.6**	**94.8**

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
Pune, May 27, 2020

For and on behalf of the Board of Directors of
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DILIP S. SHANGHVI
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SUNIL R. AJMERA
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 27, 2020

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 1 GENERAL INFORMATION

Sun Pharmaceutical Industries Limited ("the Parent Company") is a public limited company incorporated and domiciled in India, having it's registered office at Vadodara, Gujarat, India and is listed 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 statements were authorised for issue in accordance with a resolution of the directors on May 27, 2020.

NOTE : 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Group has prepared its consolidated financial statements for the year ended March 31, 2020 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, 2019.

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 instruments 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 Indian Rupees (₹) 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 116 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 expect for the matter disclosed in Note 54 of the 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 38. 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances, transactions including unrealised gain / loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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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.

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

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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 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 on the date 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 on 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 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.

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.

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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 OCI.

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 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.

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The estimated useful lives are as follows:

Asset Category	No. of years
Buildings including factory buildings*	5-125
Plant and equipment*	1-30
Vehicles	2-15
Office equipment	2-16
Furniture and fixtures	2-30

* Includes assets given under operating 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
- 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

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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 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.

Goodwill is tested for impairment annually. Goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

i. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount

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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 held for sale 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 sell 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.

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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 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 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

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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 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 and lease liabilities, 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

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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 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

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

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

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

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

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

- Hedges of a net investment in a foreign operation.

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

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

(i) Fair value hedges

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

(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

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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 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

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-

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line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Leasehold land	49 -196 years
• Building	2-25 years
• Plant and Machinery	1-5 years
• Furniture and Fixture	5 years
• Vehicles	1-5 years
• Office Equipment	5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (g) Impairment of non-financial assets.

ii) *Lease Liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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.

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 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.

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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 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.

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.

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. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

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

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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.

Profit Sharing Revenues

The Company from time to time enters into arrangements for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement.

Revenue in an amount equal to the base purchase price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

Out-licensing arrangements

Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognised over the period in which the Company has continuing performance obligations. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period the Company has continuing performance obligations, if the milestones are not considered substantive. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be received.

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

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(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

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 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 in the statement of profit and loss

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when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense in the statement of profit and loss if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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.

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 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.

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

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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.

The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

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.

Accruals for uncertain tax positions require management to make judgments of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the management based upon its interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter concludes that such benefits will be accepted by the authorities. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

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 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. Exceptional items

Exceptional items refer to items of income or expense, including tax items, within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

w. Recent Accounting pronouncements

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

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

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NOTE : 3A(I) PROPERTY, PLANT AND EQUIPMENT

₹ In Million

	Freehold land	Leasehold land*	Buildings	Buildings taken under finance lease*	Buildings given under operating lease *	Plant and equipment	Plant and equipment given under operating lease *	Plant and equipment taken under finance lease*	Furniture and fixtures	Furniture and fixtures given under operating lease *	Furniture and fixtures taken under finance lease*	Vehicles	Vehicles taken under finance lease*	Office equipment	Office equipment taken under finance lease*	Total
At cost or deemed cost																
As at April 01, 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**
Consolidation adjustments	121.5	-	2,103.0	-	45.8	2,772.9	1.7	-	161.5	-	-	(6.6)	-	48.8	-	5,248.6
Taken over on acquisition ^	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	0.1	-	1,375.6	-	-	9,215.1	-	-	215.7	-	-	159.9	-	345.6	-	11,312.0
Disposals	(22.6)	-	(387.6)	-	-	(348.9)	(23.3)	-	(111.5)	-	-	(192.4)	-	(315.6)	-	(1,401.9)
Reclassified to Right-of-use assets	-	(2,355.5)	-	(892.9)	-	-	-	(8.3)	-	-	(2.7)	-	(1,358.5)	-	(110.1)	(4,728.0)
As at March 31, 2020	**4,250.5**	**-**	**55,814.1**	**-**	**565.0**	**109,746.5**	**-**	**-**	**4,259.3**	**0.4**	**-**	**1,060.2**	**-**	**2,289.4**	**-**	**177,985.4**
Accumulated depreciation and impairment																
As at April 01, 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**
Consolidation adjustments	-	-	865.5	-	25.8	2,034.7	2.2	-	105.1	-	-	(5.0)	-	25.9	-	3,054.2
Taken over on acquisition ^	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	1,819.9	-	5.4	7,378.2	-	-	276.3	-	-	158.8	-	288.2	-	9,926.8
Impairment losses recognised in profit or loss	-	-	-	-	-	1.4	-	-	-	-	-	-	-	-	-	1.4
Eliminated on disposals of assets	-	-	(198.4)	-	-	(300.9)	(23.0)	-	(81.5)	-	-	(162.2)	-	(308.3)	-	(1,074.3)
Reclassified to Right-of-use assets	-	(302.6)	-	(833.0)	-	-	-	(0.4)	-	-	(1.1)	-	(368.2)	-	(8.7)	(1,514.0)
As at March 31, 2020	**-**	**-**	**16,994.3**	**-**	**231.1**	**55,614.6**	**-**	**-**	**2,743.5**	**0.4**	**-**	**705.9**	**-**	**1,384.8**	**-**	**77,674.6**
Net book value																
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**
As at March 31, 2020	**4,250.5**	**-**	**38,819.8**	**-**	**333.9**	**54,131.9**	**-**	**-**	**1,515.8**	**-**	**-**	**354.3**	**-**	**904.6**	**-**	**100,310.8**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 3A(II) RIGHT OF USE ASSETS

₹ in Million

	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost							
As at March 31, 2019	-	-	-	-	-	-	-
Reclassified from Property, plant and equipment	2,355.5	892.9	8.3	2.7	1,358.5	110.1	4,728.0
Consolidation adjustments	35.1	84.5	0.8	0.5	183.6	8.6	313.1
Additions	218.5	2,020.8	-	3.4	1,037.7	-	3,280.4
Disposals	-	(933.3)	-	-	(450.9)	(80.5)	(1,464.7)
As at March 31, 2020	**2,609.1**	**2,064.9**	**9.1**	**6.6**	**2,128.9**	**38.2**	**6,856.8**
Accumulated depreciation and impairment							
As at March 31, 2019	-	-	-	-	-	-	-
Reclassified from Property, plant and equipment	302.6	833.0	0.4	1.1	368.2	8.7	1,514.0
Consolidation adjustments	22.7	22.8	0.1	0.2	37.5	1.0	84.3
Depreciation expense	32.5	431.9	0.4	0.9	501.4	28.6	995.7
Eliminated on disposals of assets	-	(848.3)	-	-	(227.1)	(25.3)	(1,100.7)
As at March 31, 2020	**357.8**	**439.4**	**0.9**	**2.2**	**680.0**	**13.0**	**1,493.3**
Net book value							
As at March 31, 2020	**2,251.3**	**1,625.5**	**8.2**	**4.4**	**1,448.9**	**25.2**	**5,363.5**

(i) For details of Ind AS 116 disclosure refer note 54.

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, 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**
Consolidation adjustments	54.5	7,444.4	7,498.9
Taken over on acquisition^	-	-	-
Additions	534.2	3,867.6	4,401.8
Eliminated on disposals of assets	(26.0)	(129.8)	(155.8)
As at March 31, 2020	**3,095.9**	**98,407.0**	**101,502.9**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

₹ In Million

	Computer Software	Trademarks and Designs	Total
Accumulated amortisation and impairment			
As at April 01, 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**
Consolidation adjustments	45.8	2,768.2	2,814.0
Taken over on acquisition^	-	-	-
Amortisation expense	443.0	9,162.3	9,605.3
Impairment losses recognised in profit or loss	0.1	-	0.1
Eliminated on disposals of assets	(24.5)	(96.7)	(121.2)
As at March 31, 2020	**1,909.3**	**41,613.4**	**43,522.7**
Net book value			
As at March 31, 2019	**1,088.3**	**57,445.2**	**58,533.5**
As at March 31, 2020	**1,186.6**	**56,793.6**	**57,980.2**

Footnotes :

(a) Buildings include ₹8,620 (As at March 31, 2019: ₹8,620) towards cost of shares in a co-operative housing society and also includes ₹4.5 Million (March 31, 2019 : ₹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 66.

(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 54

^ Refer note 75

NOTE : 4 INVESTMENT IN ASSOCIATES (NON-CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	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	1,251.7	1,999	1,389.2
Tarsius Pharma Ltd	345,622	195.1	345,622	195.2
Investments in limited liability partnership				
Trumpcard Advisors and Finvest LLP	-	707.1	-	579.0
Generic Solar Power LLP [₹7,777 (March 31, 2019: ₹11,568)]	-	0.0	-	0.0
		2,153.9		**2,163.4**
Aggregate carrying value of unquoted investments		2,153.9		2,163.4

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 5 INVESTMENT IN JOINT VENTURE (NON-CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	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	275.7	15,853	262.0
		275.7		**262.0**
Aggregate carrying value of unquoted investments		275.7		262.0

NOTE : 6 INVESTMENTS (NON-CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
In equity instruments				
Quoted - At fair value through other comprehensive income				
Amneal Pharmaceuticals Inc. Shares of US$0.01 each fully paid	2,868,623	753.0	2,868,623	2,808.4
Krebs Biochemicals and Industries Limited Shares of ₹10 each fully paid	1,050,000	81.6	1,050,000	120.2
Krystal biotech, Inc. Shares of US$0.00001 each fully paid	914,107	2,981.5	914,107	2,077.8
scPharmaceuticals Inc.	2,167,679	1,210.0	2,167,679	449.3
Crinetics Pharmaceuticals Inc. Shares of US$0.001 each	48,265	53.5	-	-
Crispr Therapeutics AG Shares of CHF 0.03 each	60,755	194.4	-	-
Magneta Therapeutics Inc. Shares of US$0.001 each	25,900	12.3	-	-
Replimune Group Inc. Shares of US$0.001 each	22,498	16.9	-	-
Lovance Biotherapeutics Inc.	8,352	18.9	-	-
Akero Therapeutics Inc. Shares of US$0.001 each	10,905	17.4	-	-
Avrobio Inc. Shares of US$0.0001 each	37,306	43.8	-	-
In equity instruments				
Unquoted - At fair value through Profit and Loss				
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)
Reanal Finomvegyszergyar Zrt.	38,894	194.3	38,894	177.9
Less: Impairment in value of investment		(194.3)		(177.9)
Others		5.8		71.9

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
In equity instruments				
Quoted - At fair value through Profit and Loss				
Others		452.6		-
In government securities				
Quoted - At fair value through other comprehensive income				
8.01% Government of Rajasthan UDAY 2020 Bond of ₹1 each fully paid maturing June 23, 2020	-	-	27,400,000	27.1
7.62% Government of Telangana UDAY 2026 Bond of ₹1 each fully paid maturing March 07, 2026	-	-	100,000,000	98.4
7.98% Government of Telangana UDAY 2030 Bond of ₹1 each fully paid maturing March 07, 2030	-	-	100,000,000	100.1
8.24% Government of Tamil Nadu UDAY 2028 Bond of ₹1 each fully paid maturing March 22, 2028	-	-	50,000,000	50.8
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
In government securities				
Unquoted - At amortised cost				
National savings certificates [₹10,000 (March 31, 2019: ₹10,000)]	-	0.0	-	0.0
Quoted - At fair value through other comprehensive income				
Others *	-	34,218.0	-	20,973.0
In debentures/bonds				
Quoted - At fair value through other comprehensive income				
National Highways Authority of India - 8.2% Bonds of ₹1,000 each fully paid of maturing on January 25, 2022	61,809	64.3	61,809	64.6
Power Finance Corporation Ltd (Series I) - 8.2% Bonds of ₹1,000 each fully paid maturing on February 01, 2022	142,393	148.9	142,393	149.0
Indian Railway Finance Corporation Ltd - 8/8.15% Bonds of ₹1,000 each fully paid maturing on February 23, 2022	163,131	170.2	163,131	170.0
ONGC Videsh 4.625% Regd. Notes	16,000,000	1,109.3	16,000,000	1,149.7
NTPC 4.375% Regd. Euro Medium Term Notes	10,000,000	735.8	10,000,000	712.7
State Bank of India 4.875% Notes	700,000	531.4	700,000	507.0
In venture funds				
Unquoted - At fair value through Profit and Loss		7,208.3		7,309.1
		50,027.9		**37,092.7**
Aggregate book value (carrying value) of quoted investments		42,813.8		29,711.7
Aggregate amount of quoted investments at market value		42,813.8		29,711.7
Aggregate amount of unquoted investments before impairment		8,342.9		8,493.4
Aggregate amount of impairment in value of investments		1,128.8		1,112.4

*Includes investment in various small denomination bonds, U.S Treasuries, certificate of deposits and commercial papers.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 7 LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Loans to employees/others *		
Secured, considered good	3.4	3.1
Unsecured, considered good	4.5	167.3
	7.9	**170.4**

* Others: Loans given to various parties at prevailing market interest rate.

NOTE : 8 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Deposits	0.9	1.4
Margin money/ security against guarantees/ commitments	3.0	2.6
Security deposits - unsecured, considered good	610.8	638.6
Derivatives designated as hedges	-	24.4
Derivatives not designated as hedges	-	120.7
Unbilled revenue (Refer note 53)	434.1	-
	1,048.8	**787.7**

NOTE : 9 INCOME TAX ASSET (NET) [NON-CURRENT]

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provisions)*	33,842.5	32,660.9
	33,842.5	**32,660.9**

* Includes amount paid under protest

NOTE : 10 OTHER NON-CURRENT ASSETS

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Capital advances	4,489.6	3,894.8
Prepaid expenses	53.6	70.2
Balances with government authorities*	1,656.0	1,116.8
Other assets	1.7	1.7
	6,200.9	**5,083.5**

* Includes amount paid under protest

NOTE : 11 INVENTORIES

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Lower of cost and net realisable value		
Raw materials and packing materials	28,608.8	27,530.2
Goods-in-transit	327.2	307.6
	28,936.0	**27,837.8**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Work-in-progress	15,890.8	18,337.1
Finished goods	27,248.5	24,430.7
Stock-in-trade	5,584.8	7,151.3
Goods-in-transit	140.3	83.8
	5,725.1	**7,235.1**
Stores and spares	949.5	1,019.1
	78,749.9	**78,859.8**

(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 as well as provisioning policy of the company. Write downs of inventories amounted to ₹20,762.3 Million (March 31, 2019: ₹16,690.2 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 32, 33 and 36 and as purchases of stock-in-trade in the consolidated statement of profit and loss.

NOTE : 12 INVESTMENTS (CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
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	26.9
8.01% Government of Rajasthan UDAY 2020 Bond of ₹1 each fully paid maturing June 23, 2020	27,400,000	27.0	-	-
Quoted - At Fair value through other comprehensive income				
Investment in others@	-	20,421.6	-	18,812.5
In bonds/debentures				
Quoted - At 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)	-	24,488.2	-	14,480.8
In convertible promissory note				
Unquoted - At Fair value through profit and loss	-	113.1	-	-
In mutual funds *				
Unquoted - At Fair value through profit and loss	-	3,923.7	-	5,621.2
		48,973.6		**39,507.2**

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

@ Includes investment in various small denomination U.S Treasuries, certificate of deposits and commercial papers.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Aggregate book value (carrying value) of quoted investments	44,936.8	33,886.0
Aggregate amount of quoted investments at market value	44,936.8	33,886.0
Aggregate amount of unquoted investments before impairment	4,036.8	5,621.2
Aggregate amount of impairment in value of investments	-	-

NOTE : 13 TRADE RECEIVABLES

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	94,212.4	88,842.0
Credit impaired	2,513.7	2,246.1
	96,726.1	**91,088.1**
Less : Allowance for credit impaired (expected credit loss allowance)	(2,513.7)	(2,246.1)
	94,212.4	**88,842.0**

NOTE : 14 CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Balance with banks		
In current accounts	18,936.0	33,540.6
In deposit accounts with original maturity less than 3 months	37,662.8	36,308.9
Cheques, drafts on hand	152.7	764.3
Cash on hand	14.6	9.2
	56,766.1	**70,623.0**

NOTE : 15 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 14 ABOVE

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Deposit accounts	3,658.3	1,696.9
Earmarked balances with banks		
Escrow account - Buy back	4,250.0	-
Unpaid dividend accounts	76.3	90.7
Balances held as margin money or security against guarantees and other commitments (#)	124.8	345.4
	8,109.4	**2,133.0**

(#) Balances held as margin money amounting to ₹17.5 Million (March 31, 2019: ₹38.3 Million) which have an original maturity of more than 12 months.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 16 LOANS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Loans to related parties		
Unsecured, considered good (Refer note 68)	377.2	283.3
Loans to employees/others *		
Secured, considered good	0.8	20.6
Unsecured, considered good	1,105.8	2,789.6
Loans to employees/others - credit impaired	10.2	9.8
Less : Allowance for credit impaired	(10.2)	(9.8)
	1,106.6	**2,810.2**
	1,483.8	**3,093.5**

* Others: Loans given to various parties at prevailing market interest rate.

NOTE : 17 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Interest accrued on investments/balances with banks	120.5	164.7
Security deposits (unsecured, considered good)	150.9	105.0
Derivatives designated as hedges	342.4	535.2
Derivatives not designated as hedges	121.5	133.5
Refund due from government authorities	5,848.6	5,181.9
Others	3,209.5	1,056.7
Less : Allowance for doubtful others*	(500.0)	-
	9,293.4	**7,177.0**

* The Group has recognised an allowance of ₹500.0 Million (March 31, 2019 : ₹Nil) against other receivables (Others) based on assessment regarding recoverability of the same.

NOTE : 18 OTHER CURRENT ASSETS

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Export incentives receivable	3,440.5	3,347.8
Prepaid expenses	1,857.5	1,694.8
Advances for supply of goods and services		
Considered good	3,942.3	3,764.2
Considered doubtful	343.2	355.5
Less : Allowance for doubtful	(343.2)	(355.5)
Balances with government authorities*	8,738.4	11,101.2
Others	974.3	548.4
	18,953.0	**20,456.4**

* Includes balances of goods and service tax.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 19 EQUITY SHARE CAPITAL

	As at March 31, 2020		As at March 31, 2019	
	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 41)	2,399,334,970	2,399.3	2,399,334,970	2,399.3
	2,399,334,970	**2,399.3**	**2,399,334,970**	**2,399.3**

NOTE : 20 OTHER EQUITY

₹ in Million

	As at March 31, 2020	As at March 31, 2019
A) Reserves and surplus		
Capital reserve	3,681.7	3,681.7
Securities premium	11,874.1	11,932.9
Debenture redemption reserve	-	-
Amalgamation reserve	43.8	43.8
Capital redemption reserve	7.5	7.5
Legal reserve	230.5	207.5
General reserve	35,621.0	35,621.0
Retained earnings	353,200.5	333,301.9
B) Items of other comprehensive income (OCI)		
Debt instrument through other comprehensive income	(533.6)	(11.2)
Equity instrument through other comprehensive income	749.9	1,632.9
Foreign currency translation reserve	45,799.0	24,936.7
Effective portion of cash flow hedges	(429.2)	336.6
Total reserves and surplus	**450,245.2**	**411,691.3**

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 Group 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 earnings on redemption of debentures.

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

Capital redemption reserve - The Group 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 subsidiaries in compliance with requirements of local laws.

General reserve: The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. In compliance with local laws of overseas subsidiaries, the reserve has been transferred from retained earnings.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

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 Group 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, 2020	As at March 31, 2019
Term loans		
From banks (unsecured)	17,714.3	14,127.7
From department of biotechnology (secured)	61.8	97.3
Lease liabilities (Refer note 54)	2,513.1	997.4
Deferred payment liabilities (unsecured - at amortised cost)	-	3.7
	20,289.2	**15,226.1**

Refer note 66 for borrowings (non-current).

NOTE : 22 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Interest accrued	-	10.2
Derivatives not designated as hedges	6.4	20.4
Derivatives designated as hedges	413.2	-
Other financial liabilities	4.5	-
	424.1	**30.6**

NOTE : 23 PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Employee benefits	2,950.2	2,358.3
Others (Refer note 60)	2,159.8	1,945.6
	5,110.0	**4,303.9**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 24 OTHER NON-CURRENT LIABILITIES

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Deferred revenue (Refer note 53)	7,592.7	5,587.7
Others	216.0	124.8
	7,808.7	**5,712.5**

NOTE : 25 BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Loans repayable on demand		
From banks (unsecured)	25,326.9	30,750.8
Other loans		
From banks (unsecured)	20,255.9	36,079.1
Commercial paper (unsecured)	9,911.0	16,877.7
	55,493.8	**83,707.6**

Refer note 67 for borrowings (current).

NOTE : 26 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt (Refer note 66)	6,438.6	5,860.9
Current maturities of finance lease obligations (Refer note 54)	927.2	349.0
Interest accrued	93.9	381.5
Unpaid dividends	77.2	93.9
Security deposits	152.2	126.6
Payables on purchase of property, plant and equipment	808.5	1,221.9
Derivatives designated as hedges	971.5	267.5
Derivatives not designated as hedges	13.0	123.9
Others*	2,966.1	1,848.0
	12,448.2	**10,273.2**

* Includes claims, recall charges, contractual and expected milestone obligations, trade and other commitments.

NOTE : 27 OTHER CURRENT LIABILITIES

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Statutory remittances	4,158.8	4,348.3
Advance from customers	526.8	693.7
Deferred revenue (Refer note 53)	1,717.2	2,206.5
Others	60.1	95.5
	6,462.9	**7,344.0**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 28 PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Employee benefits	5,041.7	4,279.9
Others (Refer note 60)	34,660.1	25,043.4
	39,701.8	**29,323.3**

NOTE : 29 CURRENT TAX LIABILITIES (NET)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Provision for income tax [Net of advance income tax]	2,020.3	1,269.4
	2,020.3	**1,269.4**

NOTE : 30 REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers (Refer notes 53 and 63)	323,251.7	286,862.8
Other operating revenues	5,123.3	3,796.3
	328,375.0	**290,659.1**

NOTE : 31 OTHER INCOME

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on:		
Bank deposits at amortised cost	1,178.1	1,486.1
Loans at amortised cost	137.9	1,411.5
Investments in debt instruments at fair value through other comprehensive income	1,749.1	1,546.4
Other financial assets carried at amortised cost	205.3	1,555.4
Others (includes interest on income tax refund)	275.8	692.7
	3,546.2	**6,692.1**
Dividend income on investments	561.8	223.8
Net gain on sale of financial assets measured at fair value through profit or loss	246.7	180.3
Net gain / (loss) on sale of financial assets measured at fair value through other comprehensive income	0.4	(0.1)
Net gain arising on financial assets measured at fair value through profit or loss	571.9	1,433.6
Net gain on disposal of property, plant and equipment and other intangible assets	34.7	28.3
Sundry balances written back, net	52.2	64.5
Insurance claims	213.6	156.1
Lease rental and hire charges	123.4	173.1
Miscellaneous income	1,008.9	1,303.2
	6,359.8	**10,254.9**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 32 COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Raw materials and packing materials		
Inventories at the beginning of the year	27,837.8	24,621.2
Inventories acquired on acquisition (Refer note 75)	-	340.6
Purchases during the year	55,662.7	60,339.9
Foreign currency translation difference	587.8	363.1
Inventories at the end of the year	(28,936.0)	(27,837.8)
	55,152.3	**57,827.0**

NOTE : 33 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year	50,002.9	43,185.8
Inventories acquired on acquisition (Refer note 75)	-	1,121.8
Foreign currency translation difference	1,870.0	1,364.2
Inventories at the end of the year	(48,864.4)	(50,002.9)
	3,008.5	**(4,331.1)**

NOTE : 34 EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	56,392.2	52,699.4
Contribution to provident and other funds*	4,377.8	3,944.7
Staff welfare expenses	2,853.5	3,026.8
	63,623.5	**59,670.9**

* Includes gratuity expense of ₹365.6 Million (March 31, 2019: ₹372.8 Million)

NOTE : 35 FINANCE COSTS

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense :		
-for financial liabilities carried at amortised cost	2,505.3	5,038.4
-others (includes interest on income tax and lease liability)	400.2	167.4
Exchange differences regarded as an adjustment to borrowing costs	121.8	300.0
Unwinding of discounts on provisions	-	46.7
	3,027.3	**5,552.5**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 36 OTHER EXPENSES

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of materials, stores and spare parts	6,227.3	7,026.5
Conversion and other manufacturing charges	6,180.9	6,671.4
Power and fuel	6,218.9	6,136.0
Rent	362.4	1,327.6
Rates and taxes	4,704.6	3,090.4
Insurance	1,965.2	1,492.6
Selling, promotion and distribution	28,696.5	19,939.6
Commission on sale	2,125.9	1,117.4
Repairs and maintenance	4,491.8	5,149.2
Printing and stationery	480.0	483.8
Travelling and conveyance	5,579.8	5,426.1
Freight outward and handling charges	5,722.4	5,154.3
Communication	959.3	838.2
Provision/write off/(reversal) for doubtful trade receivables/advances	1,068.1	(339.4)
Professional, legal and consultancy	19,083.8	14,372.7
Donations	635.4	238.9
Loss on sale/write off of property, plant and equipment and other intangible assets, net	86.9	693.9
Payment to auditors (net of input credit, wherever applicable)	273.8	260.6
Impairment of property, plant and equipment, goodwill and other intangible assets	1.5	12.9
Miscellaneous expenses	7,841.0	9,197.9
	102,705.5	**88,290.6**

NOTE : 37 RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	5,941.2	6,055.5
Contribution to provident and other funds	405.3	376.7
Staff welfare expenses	241.3	262.5
Consumption of materials, stores and spare parts	2,269.9	3,475.9
Power and fuel	357.1	334.5
Rates and taxes	1,184.6	956.4
Rent	29.9	104.6
Insurance	48.7	57.1
Repairs and maintenance	465.4	507.9
Printing and stationery	24.8	46.9
Travelling and conveyance	150.5	159.3
Communication	47.9	58.4
Professional, legal and consultancy	7,611.5	5,579.2
Miscellaneous expenses	473.6	1,153.8
	19,251.7	**19,128.7**
Less:		
Miscellaneous income	13.1	21.7
Receipts from research activities	32.4	49.9
	45.5	**71.6**
	19,206.2	**19,057.1**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 38 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, 2020	March 31, 2019
	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 Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%
4	SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%
5	Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%
6	OOO "Sun Pharmaceutical Industries" Limited	Russia	100.00%	100.00%
7	Sun Pharma De Venezuela, C.A.	Venezuela	100.00%	100.00%
8	Sun Pharma Laboratories Limited	India	100.00%	100.00%
9	Faststone Mercantile Company Private Limited	India	100.00%	100.00%
10	Neetnav Real Estate Private Limited	India	100.00%	100.00%
11	Realstone Multitrade Private Limited	India	100.00%	100.00%
12	Skisen Labs Private Limited	India	100.00%	100.00%
13	Sun Pharma Holdings	Mauritius	100.00%	100.00%
14	Softdeal Trading Company Private Limited	India	100.00%	100.00%
15	Sun Pharma (Netherlands) B.V.	Netherlands	100.00%	100.00%
16	Foundation for Disease Elimination and Control of India	India	100.00% (Refer note e)	100.00% (Refer note e)
17	Zenotech Laboratories Limited	India	57.56% (Refer note f)	57.56% (Refer note f)
	Indirect Subsidiaries			
18	Sun Farmaceutica do Brasil Ltda.	Brazil	100.00%	100.00%
19	Sun Pharma France (Formerly Known as Ranbaxy Pharmacie Generiques)	France	100.00%	100.00%
20	Sun Pharmaceutical Industries, Inc.	United States of America	100.00%	100.00%
21	Ranbaxy (Malaysia) SDN. BHD.	Malaysia	95.67%	95.67%
22	Ranbaxy Nigeria Limited	Nigeria	86.16%	86.16%
23	Chattem Chemicals Inc.	United States of America	100.00%	100.00%
24	The Taro Development Corporation	United States of America	100.00%	100.00%
25	Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%
26	Sun Pharmaceuticals UK Limited	United Kingdom	-	- (Refer note j)
27	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	100.00%	100.00%
28	Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%
29	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	100.00%	100.00%
30	Sun Pharmaceuticals Italia S.R.L.	Italy	-	- (Refer note n)
31	Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%
32	Sun Pharmaceuticals France	France	100.00%	100.00%
33	Sun Pharma Global FZE	United Arab Emirates	100.00%	100.00%
34	Sun Pharmaceuticals SA (Pty) Ltd	South Africa	100.00%	100.00%
35	Sun Global Canada Pty. Ltd.	Canada	- (Refer note p)	100.00%
36	Sun Pharma Philippines, Inc.	Philippines	100.00%	100.00%
37	Sun Pharmaceuticals Korea Ltd.	South Korea	100.00%	100.00%
38	Sun Global Development FZE	United Arab Emirates	- (Refer note t)	100.00%

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

		Country of Incorporation	Proportion of ownership interest for the year ended	
			March 31, 2020	March 31, 2019
39	Caraco Pharmaceuticals Private Limited	India	100.00%	100.00%
40	Sun Pharma Japan Ltd.	Japan	100.00%	100.00%
41	Pola Pharma Inc.	Japan	- (Refer note r)	100.00%
42	Sun Pharma Healthcare FZE	United Arab Emirates	- (Refer note s)	100.00%
43	Morley & Company, Inc.	United States of America	- (Refer note v)	100.00%
44	Sun Laboratories FZE	United Arab Emirates	100.00%	100.00%
45	Taro Pharmaceutical Industries Ltd. (Taro)	Israel (Refer note b)	77.10%	76.54%
46	Taro Pharmaceuticals Inc.	Canada	77.10%	76.54%
47	Taro Pharmaceuticals U.S.A., Inc.	United States of America	77.10%	76.54%
48	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	77.10%	76.54%
49	Taro Pharmaceuticals Europe B.V.	Netherlands	77.10%	76.54%
50	Taro Pharmaceuticals Ireland Ltd	Ireland	-	- (Refer note i)
51	Taro International Ltd.	Israel	77.10%	76.54%
52	Taro Pharmaceuticals (UK) Ltd.	United Kingdom	-	- (Refer note l)
53	3 Skyline LLC	United States of America	77.10%	76.54%
54	One Commerce Drive LLC	United States of America	77.10%	76.54%
55	Taro Pharmaceutical Laboratories Inc.	United States of America	77.10%	76.54%
56	Taro Pharmaceuticals Canada, Ltd.	Canada	-	- (Refer note h)
57	Alkaloida Sweden AB	Sweden	-	- (Refer note m)
58	Dusa Pharmaceuticals, Inc.	United States of America	100.00%	100.00%
59	Mutual Pharmaceutical Company Inc.	United States of America	100.00%	100.00%
60	Dungan Mutual Associates, LLC	United States of America	- (Refer note u)	100.00%
61	URL PharmPro, LLC	United States of America	- (Refer note u)	100.00%
62	2 Independence Way LLC	United States of America	100.00%	100.00%
63	Universal Enterprises Private Limited	India	100.00%	100.00%
64	Sun Pharma Switzerland Ltd.	Switzerland	100.00%	100.00%
65	Sun Pharma East Africa Limited	Kenya	100.00%	100.00%
66	Pharmalucence, Inc.	United States of America	100.00%	100.00%
67	PI Real Estate Ventures, LLC	United States of America	100.00%	100.00%
68	Sun Pharma ANZ Pty Ltd	Australia	100.00%	100.00%
69	Ranbaxy Farmaceutica Ltda.	Brazil	100.00%	100.00%
70	Sun Pharma Canada Inc.	Canada	100.00%	100.00%
71	Sun Pharma Egypt Limited LLC	Egypt	100.00%	100.00%
72	Rexcel Egypt LLC	Egypt	100.00%	100.00%
73	Office Pharmaceutique Industriel Et Hospitalier	France	100.00%	100.00%
74	Basics GmbH	Germany	100.00%	100.00%
75	Ranbaxy GmbH	Germany	-	- (Refer note g)
76	Ranbaxy Ireland Limited	Ireland	100.00%	100.00%
77	Ranbaxy Italia S.P.A.	Italy	100.00%	100.00%
78	Sun Pharmaceutical Industries S.A.C.	Peru	100.00%	100.00%
79	Ranbaxy (Poland) SP. Z O.O.	Poland	100.00%	100.00%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

		Country of Incorporation	Proportion of ownership interest for the year ended	
			March 31, 2020	March 31, 2019
80	Terapia SA	Romania	96.81%	96.81%
81	AO Ranbaxy	Russia	100.00%	100.00%
82	Ranbaxy South Africa (Pty) Ltd	South Africa	100.00%	100.00%
83	Ranbaxy Pharmaceuticals (Pty) Ltd	South Africa	100.00%	100.00%
84	Be-Tabs Investments (Pty) Ltd	South Africa	-	- (Refer note o)
85	Sonke Pharmaceuticals Proprietary Limited	South Africa	70.00%	70.00%
86	Sun Pharma Laboratorios,S.L.U. (Formerly known as Laboratorios Ranbaxy, S.L.U.)	Spain	100.00%	100.00%
87	Ranbaxy (U.K.) Limited	United Kingdom	100.00%	100.00%
88	Ranbaxy Holdings (U.K.) Limited	United Kingdom	100.00%	100.00%
89	Ranbaxy Europe Limited	United Kingdom	-	- (Refer note k)
90	Ranbaxy Inc.	United States of America	100.00%	100.00%
91	Ranbaxy (Thailand) Co., Ltd.	Thailand	100.00%	100.00%
92	Ohm Laboratories, Inc.	United States of America	100.00%	100.00%
93	Ranbaxy Signature LLC	United States of America	67.50%	67.50%
94	Sun Pharmaceuticals Morocco LLC	Morocco	100.00%	100.00%
95	"Ranbaxy Pharmaceuticals Ukraine" LLC	Ukraine	100.00%	100.00%
96	Insite Vision Incorporated	United States of America	100.00%	100.00%
97	Sun Pharmaceutical Medicare Limited	India	100.00%	100.00%
98	JSC Biosintez	Russia	100.00%	96.96%
99	Sun Pharmaceuticals Holdings USA, Inc.	United States of America	100.00%	100.00%
100	Zenotech Laboratories Nigeria Limited	Nigeria	- (Refer note q & f)	57.50% (Refer note f)
101	Zenotech Inc	United States of America	57.56% (Refer note f)	57.56% (Refer note f)
102	Zenotech Farmaceutica Do Brasil Ltda	Brazil	38.21% (Refer note f)	38.21% (Refer note f)
103	Kayaku Co., Ltd.	Japan	100.00%	100.00%
104	Sun Pharma Distributors Limited	India	100.00%	100.00%
105	Realstone Infra Limited	India	100.00%	-
	Name of Joint Venture Entity			
106	Artes Biotechnology GmbH	Germany	45.00%	45.00%
	Name of Associates			
107	Medinstill LLC	United States of America	19.99%	19.99%
108	Generic Solar Power LLP	India	28.76%	28.76%
109	Trumpcard Advisors and Finvest LLP	India	40.61%	40.61%
110	Tarsius Pharma Ltd.	Israel	17.78%	18.33%
	Name of Subsidiary of Associates			
111	Composite Power Generation LLP	India	36.90%	36.90%
112	Vintage Power Generation LLP	India	39.41%	39.41%
113	Vento Power Generation LLP	India	40.55%	40.55%
114	HRE LLC	United States of America	19.99%	19.99%
115	HRE II LLC	United States of America	19.99%	19.99%
116	HRE III LLC	United States of America	19.99%	19.99%
117	Dr. Py Institute LLC	United States of America	19.99%	19.99%
118	Medinstill Development LLC	United States of America	19.99%	19.99%
119	ALPS LLC	United States of America	19.99%	19.99%
120	Intact Pharmaceuticals LLC	United States of America	19.99%	19.99%
121	Intact Media LLC (Formerly known as Intact Skin Care LLC)	United States of America	19.99%	19.99%
122	Intact Solutions LLC	United States of America	19.99%	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

b Following are the details of the Group's holding in Taro:

	March 31, 2020	March 31, 2019
Voting power	84.73%	84.36%
Beneficial ownership	77.10%	76.54%

c In respect of entities at Sr. Nos.3 to 6, 41, 81, 95, 96, 98, 106, 107, 110 and from 114 to 122 the reporting date is as of December 31, 2019 and different from the reporting date of the Parent Company.

d In respect of entitiy at Sr. No. 105 and 122 has been incorporated during the year ended March 31, 2020.

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 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.

g With effect from April 01, 2018 Ranbaxy GmbH has been merged with Basics GmbH.

h With effect from April 01, 2018 Taro Pharmaceuticals Canada, Ltd. has been merged with Taro Pharmaceuticals Inc.

i With effect from April 19, 2018 Taro Pharmaceuticals Ireland Ltd. has been dissolved.

j With effect from May 20, 2018 Sun Pharmaceuticals UK Limited has been dissolved.

k With effect from August 22, 2018 Ranbaxy Europe Limited has been dissolved.

l With effect from September 21, 2018 Taro Pharmaceuticals (UK) Limited has been dissolved.

m With effect from September 25, 2018 Alkaloida Sweden AB has been sold.

n With effect from March 04, 2019 Sun Pharmaceuticals Italia S.R.L. has been dissolved.

o With effect from March 25, 2019 Be-Tabs Investments (Pty) Ltd has been dissolved.

p With effect from January 25, 2019 Sun Global Canada Pty. Ltd. has been dissolved.

q With effect from July 15, 2019 Zenotech Laboratories Nigeria Limited has been dissolved.

r With effect from January 01, 2020 Pola Pharma Inc. has been merged with Sun Pharma Japan Ltd.

s With effect from January 28, 2020 Sun Pharma Healthcare FZE has been dissolved.

t With effect from February 27, 2020 Sun Global Development FZE has been dissolved.

u With effect from March 16, 2020 Dungan Mutual Associates, LLC and URL PharmPro, LLC has been merged with Mutual Pharmaceutical Company Inc.

v With effect from March 27, 2020 Morley & Company, Inc has been merged with The Taro Development Corporation

w 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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 39 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
A) Contingent liabilities		
I) Claims against the Group not acknowledged as debts	728.9	806.4
II) Liabilities disputed - appeals filed with respect to:		
Income tax on account of disallowances / additions (Company appeals)*	41,026.6	39,384.6
Sales tax on account of rebate / classification	115.3	118.9
Excise duty / service tax on account of valuation / cenvat credit	1,005.7	1,939.0
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
Fine imposed for anti-competitive settlement agreement by European Commission	856.1	799.5
Octroi demand on account of rate difference	171.0	171.0
Other matters - state electricity board, Punjab Land Preservation Act related matters etc.	89.8	89.3

Note : Includes, interest till the date of demand, wherever applicable.

The group has made provision on prospective basis to give impact of Provident fund judgement by Hon'ble Supreme Court of India (SC) dated February 28, 2019. 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 plaintiffs. 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:

On April 1, 2016, a U.S. subsidiary of the Company, Sun Pharmaceutical Industries, Inc. ("SPIINC"), received a grand jury subpoena from the U.S. Department of Justice, Antitrust Division, seeking documents relating to generic pharmaceutical products and pricing, communications with competitors, and certain other related matters. On or before November 2017, SPIINC provided documents and information related to the three products that were of interest to the Antitrust Division. The Antitrust Division has not asked for any additional information from SPIINC, or communicated with SPIINC, about its subpoena since that time. Sun Pharmaceutical Industries Ltd. was not subject to this grand jury subpoena.

On April 30, 2018, SPIINC received a Civil Investigative Demand ("CID") from the U.S. Department of Justice, Civil Division, pursuant to the False Claims Act seeking information relating to generic pharmaceutical products and pricing, communications with competitors, and certain other related matters. In response to the CID, SPIINC provided certain materials to the Civil Division in 2018. The Civil Division has not asked for any additional information from SPIINC, or communicated with SPIINC, about the CID since that time. Sun Pharmaceutical Industries Ltd. was not subject to the CID.

SPIINC, along with more than 35 other pharmaceutical companies and individuals, is named as a defendant in lawsuits brought by several putative classes, state Attorneys General and individual company purchasers and payors. Each of these cases has been transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated pre-trial proceedings. The cases are now in discovery. The

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Court has sequenced the lawsuits into separate groups for purposes of further proceedings, identifying certain "bellwether" cases that will proceed before other cases advance. SPIINC is not a named defendant in any of the bellwether cases. Sun Pharmaceutical Industries Ltd. has not been named as a defendant in any of these litigations.

On September 8, 2016, another U.S. subsidiary of the Company, Taro Pharmaceuticals U.S.A., Inc. ("Taro U.S.A.") received a grand jury subpoena from the U.S. Department of Justice, Antitrust Division, seeking documents relating to generic pharmaceutical products and pricing, communications with competitors, and certain other related matters. Several then-current and former Taro U.S.A. executives received subpoenas as well. Taro U.S.A is in the process of providing documents and information related to the products. Taro U.S.A. and certain then-current and former executives have continued cooperation and communication with the Antitrust Division. On February 4, 2020, a former member of Taro U.S.A's commercial team was indicted for alleged violation of U.S antitrust laws.

On April 30, 2018, Taro U.S.A. received a Civil Investigative Demand ("CID") from the U.S. Department of Justice, Civil Division, pursuant to the False Claims Act seeking information relating to generic pharmaceutical products and pricing, communications with competitors, and certain other related matters. Taro U.S.A is in the process of providing certain information to the Civil Division. Taro U.S.A.'s parent company, Taro Pharmaceutical Industries Ltd. ("Taro Industries"), was not subject to the CID.

Taro U.S.A. and Taro Industries, along with more than 35 other pharmaceutical companies and individuals, are named as defendants in lawsuits brought by several putative classes, state Attorneys General ("AG") and individual company purchasers and payors. Each of these cases has been transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated pre-trial proceedings. The cases are now in discovery. The Court has sequenced the lawsuits into separate groups for purposes of further proceedings, identifying certain "bellwether" cases that will proceed before other cases advance. A scheduling order for the bellwether cases has not yet been set.

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. The case is proceeding with limited discovery.

Antitrust – Modafinil:
The Group was 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, subsequently the Company has reached settlements in these coordinated proceedings.

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.

Note:
Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.

*Income tax matters where department has preferred an appeal against favourable order received by the Company amounted to ₹38,959.0 Million (March 31, 2019: ₹19,477.2 Million). These matters are sub-judice in various forums and pertains to various financial years.

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₹ in Million

	As at March 31, 2020	As at March 31, 2019
B) Guarantees given by the bankers on behalf of the Group	2,211.5	3,379.6

NOTE : 40 COMMITMENTS

₹ in Million

	As at March 31, 2020	As at March 31, 2019
I) Estimated amount of contracts remaining to be executed on capital account (net of advances) *	24,334.3	20,783.5
II) For derivative related commitments (Refer note 46(c))		
III) For non-cancellable lease related commitments (Refer note 54)		
IV) Investment related commitments	323.0	750.9
V) Letters of credit for imports	608.6	1,846.1
VI) Buy-back related commitment (Refer note 73)		

* The Group is committed to pay milestone payments and royalty on certain contracts, however, obligation to pay is contingent upon fulfilment of contractual obligation by parties to the contract.

NOTE : 41 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, 2020		Year ended March 31, 2019	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Opening balance	2,399,334,970	2,399.3	2,399,323,180	2,399.3
Add: shares allotted to employees on exercise of employee stock option (March 31, 2020 : NIL, March 31, 2019 : ₹11,790)	-	-	11,790	0.0
Closing balance	**2,399,334,970**	**2,399.3**	**2,399,334,970**	**2,399.3**

iii 334,956,764 (upto March 31, 2019: 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.

iv Refer note 57 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.

v 7,500,000 (upto March 31, 2019: 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.

vi 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, 2020		As at March 31, 2019	
	Number of shares	% of holding	Number of shares	% of holding
Shanghvi Finance Private Limited	967,051,732	40.3	959,772,578	40.0
Dilip Shantilal Shanghvi	230,285,690	9.6	230,285,690	9.6
Life Insurance Corporation of India and its various funds	152,884,946	6.4	141,217,558	5.9

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NOTE : 42 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue, net (excluding depreciation) (Refer note 37)	19,206.2	19,057.1
Capital	484.1	718.2
	19,690.3	**19,775.3**

NOTE : 43 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2020		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments - quoted	452.6	5,383.3	-
Equity instruments - unquoted	5.8	-	-
Bonds/debentures - quoted	-	27,248.1	-
Convertible promissory note - unquoted	113.1	-	-
Government securities - quoted	-	27.0	-
Government securities - unquoted (₹10,000)	-	-	0.0
Mutual funds - unquoted	3,923.7	-	-
Others - quoted	-	54,639.6	-
Venture funds - unquoted	7,208.3	-	-
Loans to related parties	-	-	377.2
Loans to employees/others	-	-	1,114.5
Trade receivables	-	-	94,212.4
Deposits	-	-	0.9
Margin money/ security against guarantees/ commitments	-	-	3.0
Security deposits	-	-	761.7
Cash and cash equivalents	-	-	56,766.1
Bank balances other than cash and cash equivalents	-	-	8,109.4
Interest accrued on investments / balances with banks	-	-	120.5
Refund due from government authorities	-	-	5,848.6
Derivatives designated as hedges	-	342.4	-
Unbilled revenue	-	-	434.1
Other financial assets	-	-	2,709.5
Derivatives not designated as hedges	121.5	-	-
Total	**11,825.0**	**87,640.4**	**170,457.9**
Financial liabilities			
Borrowings	-	-	75,783.0
Current maturities of long-term debt and finance lease obligations	-	-	7,365.8
Trade payables	-	-	40,937.3
Interest accrued	-	-	93.9
Unpaid dividends	-	-	77.2
Security deposits	-	-	152.2
Payable on purchase of property, plant and equipment	-	-	808.5
Derivatives designated as hedges	-	1,384.7	-
Other financial liabilities	-	-	2,970.6
Derivatives not designated as hedges	19.4	-	-
Total	**19.4**	**1,384.7**	**128,188.5**

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₹ 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	-	17,799.6	-
Government securities - quoted	-	556.9	-
Government securities - unquoted (₹10,000)	-	-	0.0
Mutual funds - unquoted	5,621.2	-	-
Others - quoted	-	39,785.5	-
Venture funds - 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
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	-	-	5,181.9
Derivatives designated as hedges	-	559.6	-
Other financial assets	-	-	1,056.7
Derivatives not designated as hedges	254.2	-	-
Total	**13,256.4**	**64,157.3**	**172,012.8**
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
Derivatives not designated as hedges	144.3	-	-
Total	**144.3**	**267.5**	**150,304.4**

Notes to the Consolidated Financial Statements

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NOTE : 44 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, 2020		
	Level 1	Level 2	Level 3
Financial assets			
Investments			
Equity instruments - quoted #	5,383.3	-	-
Equity instruments - quoted	452.6	-	-
Equity instruments - unquoted	-	-	5.8
Bonds/debentures - quoted	27,248.1	-	-
Convertible promissory note - unquoted	-	-	113.1
Government securities - quoted	27.0	-	-
Mutual funds - unquoted	3,923.7	-	-
Others - quoted	54,639.6	-	-
Venture funds - unquoted	-	7,208.3	-
Derivatives designated as hedges	-	342.4	-
Derivatives not designated as hedges	-	121.5	-
Total	**91,674.3**	**7,672.2**	**118.9**
Financial liabilities			
Derivatives designated as hedges	-	1,384.7	-
Derivatives not designated as hedges	-	19.4	-
Total	-	**1,404.1**	-

₹ 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	17,799.6	-	-
Government securities - quoted	556.9	-	-
Mutual funds - unquoted	5,621.2	-	-
Others - quoted	39,785.5	-	-
Venture funds - 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 designated as hedges	-	267.5	-
Derivatives not designated as hedges	-	144.3	-
Total	-	**411.8**	-

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.

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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, 2020	Year ended March 31, 2019
Unlisted shares valued at fair value		
Balance at the beginning of the year	71.9	22.5
Purchases	113.2	53.5
Others including disposal / settlements / charge / exchange fluctuation to consolidated statement of profit and loss	(66.2)	(4.1)
Balance at the end of the year	**118.9**	**71.9**

NOTE : 45 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.

a) Debt equity ratio

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Debt (includes non-current borrowings, current borrowings, current maturities of finance lease obligations and current maturities of long-term debt)	83,148.8	105,143.6
Less : cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments	109,398.0	111,827.1
Net debt	(26,249.2)	(6,683.5)
Total equity, including reserves	491,246.9	447,226.0
Net debt to total equity ratio	N.A.	N.A.

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b) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend on equity shares		
Final dividend for the year ended March 31, 2019 of ₹2.75 (year ended March 31, 2018: ₹2.0) per fully paid share	6,595.7	4,791.6
Dividend distribution tax on above	1,355.8	984.9
Interim dividend for the year ended March 31, 2020 of ₹3 (year ended March 31, 2019: ₹Nil) per fully paid share	7,193.9	-
Dividend distribution tax on above	1,478.7	-

Dividends not recognised at the end of the reporting period

The Board of Directors at it's meeting held on May 27, 2020 have recommended payment of final dividend of ₹1 per share of face value of ₹1 each for the year ended March 31, 2020. The same amounts to ₹2,399.3 Million.

This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.

NOTE : 46 FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect 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, 2020	As at March 31, 2019
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	93,375.8	86,212.4
180 - 365 days	1,112.6	976.4
beyond 365 days	2,237.7	3,899.3
Total	**96,726.1**	**91,088.1**

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₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	2,246.1	3,142.9
Addition	667.0	268.2
Recoveries / reversals	(399.4)	(1,165.0)
Balance at the end of the year	2,513.7	2,246.1

Other than Trade receivables, the Group has recognised an allowance of ₹10.2 Million (March 31, 2019 : ₹9.8 Million) against past due loans including interest and ₹500.0 Million of other receivables based on assessment regarding recoverability of the same.

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 ₹60,566.7 Million as on March 31, 2020, ₹42,377.3 Million as on March 31, 2019.

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

₹ in Million

	As at March 31, 2020			
	Less than 1 year	1 - 3 years	More than 3 years	Total
Non derivative				
Borrowings	62,967.9	15,338.3	4,975.3	83,281.5
Trade payables	40,937.3	-	-	40,937.3
Other financial liabilities	4,097.9	4.5	-	4,102.4
	108,003.1	**15,342.8**	**4,975.3**	**128,321.2**
Derivatives	**984.5**	**355.2**	**64.4**	**1,404.1**

₹ in Million

	As at March 31, 2019			
	Less than 1 year	1 - 3 years	More than 3 years	Total
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

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

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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, 2020					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Financial assets						
Trade receivables	47,235.9	5,222.1	3,840.9	1,287.4	113.5	57,699.8
Cash and cash equivalents	1,181.2	1,291.0	189.2	-	64.7	2,726.1
	48,417.1	**6,513.1**	**4,030.1**	**1,287.4**	**178.2**	**60,425.9**
Financial liabilities						
Borrowings	52,978.0	1,433.3	-	-	7,178.7	61,590.0
Trade payables	35,335.4	2,494.4	121.7	140.0	552.1	38,643.6
	88,313.4	**3,927.7**	**121.7**	**140.0**	**7,730.8**	**100,233.6**

₹ in Million

	As at March 31, 2019					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Financial assets						
Trade receivables	44,538.9	3,809.9	2,480.4	4,427.5	2,908.2	58,164.9
Cash and cash equivalents	2,117.9	1,192.0	28.2	-	502.4	3,840.5
	46,656.8	**5,001.9**	**2,508.6**	**4,427.5**	**3,410.6**	**62,005.4**
Financial liabilities						
Borrowings	62,850.4	1,371.7	-	-	-	64,222.1
Trade payables	42,069.5	2,281.6	83.7	158.7	291.1	44,884.6
	104,919.9	**3,653.3**	**83.7**	**158.7**	**291.1**	**109,106.7**

b) Sensitivity

For the years ended March 31, 2020 and March 31, 2019 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 ₹1,990.4 Million and ₹2,355.1 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

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of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the consolidated statement of profit and loss.

In respect of the aforesaid hedges of highly probable forecasted transactions, the Group has recorded a loss of ₹1,184.4 Million for the year ended March 31, 2020 and gain of ₹539.0 Million for the year ended March 31, 2019 in other comprehensive income. The Group also recorded hedges as a component of revenue, gain of ₹570.4 Million for year ended March 31, 2020 and loss of ₹22.5 Million for year ended March 31, 2019 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.

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, 2020	As at March 31, 2019
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	INR	ZAR 450.0	ZAR 480.0
Forward contracts	USD	Sell	INR	USD 227.5	USD 120.5
Forward contracts	USD	Buy	JPY	USD 5.0	USD 17.4
Forward contracts	USD	Sell	NIS	USD 46.3	USD 57.0
Forward contracts	USD	Sell	CAD	USD 31.1	-
Currency swaps	JPY	Buy	USD	USD 97.3	-
Derivatives not designated as hedges					
Forward contracts	USD	Buy	INR	-	USD 27.3
Forward contracts	AUD	Sell	USD	USD 6.8	USD 7.4
Forward contracts	RUB	Sell	USD	-	USD 4.5
Forward contracts	GBP	Sell	USD	USD 6.6	USD 4.9
Forward contracts	EUR	Sell	USD	USD 7.2	USD 9.8
Currency cum interest rate swaps	USD	Buy	INR	-	USD 50.0
Interest rate swaps (Floating to fixed)	USD	Buy	USD	-	USD 50.0
Interest rate swaps (Floating to fixed)	USD	Buy	USD	-	USD 125.0
Forward contracts	USD	Sell	NIS	USD 2.8	USD 6.8
Forward contracts	USD	Sell	CAD	USD 8.8	USD 69.5
Forward contracts	USD	Sell	HUF	USD 2.6	USD 4.2
Forward contracts	RUB	Sell	RON	RON 6.4	RON 15.2
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, 2020 and March 31, 2019, every 50 basis point decrease in the floating interest rate component applicable on its closing balance of loans and borrowings would increase the Group's profit by approximately ₹339.6 Million and ₹330.7 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

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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, 2020, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE : 47 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, 2020	As at March 31, 2019
Goodwill in respect of:		
Sun Pharmaceutical Industries, Inc.	27,943.1	25,594.4
Sun Farmaceutica do Brasil Ltda.	317.6	387.4
Sun Pharma Japan Ltd.	142.9	128.2
Taro Pharmaceutical Industries Ltd.	14,300.4	13,098.5
Terapia SA	20,103.4	18,425.9
Ranbaxy Farmaceutica Ltda.	417.4	382.3
Basics GmbH	380.9	355.9
Zenotech Laboratories Limited	595.4	595.4
Sun Pharmaceutical Industries Limited	1,677.4	1,677.4
Ranbaxy South Africa (Pty) Ltd	2.9	3.3
JSC Biosintez	211.0	234.0
Sun Pharmaceutical Medicare Limited	1.0	1.0
Total (A)	**66,093.4**	**60,883.7**
Less:		
Capital reserve in respect of :		
Alkaloida Chemical Company Zrt.	1,184.5	1,237.3
Ranbaxy Nigeria Limited	1.6	1.5
Sun Pharmaceutical Industries Limited	27.5	27.5
Ranbaxy Malaysia SDN. BHD.	65.2	59.7
Total (B)	**1,278.8**	**1,326.0**
Total (A-B)	**64,814.6**	**59,557.7**

ii) Below is the reconciliation of the carrying amount of goodwill:

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	59,557.7	56,067.1
Add/ (less): Foreign currency translation difference	5,256.9	3,490.6
Closing balance	**64,814.6**	**59,557.7**

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 includes 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 0.5% to 5.5% for the year ended March 31, 2020. Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount

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rate is estimated on the weighted average cost of capital for respective CGU or group of CGUs. Discount rate used ranged from 0.7% to 11.8% for the year ended March 31, 2020. 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. Based on the impairment assessment, the Management has determined no impairment loss in the value of goodwill.

NOTE : 48 DISCLOSURES MANDATED BY THE COMPANIES ACT, 2013 SCHEDULE III PART II BY WAY OF ADDITIONAL INFORMATION IS GIVEN IN ANNEXURE 'A'.

NOTE : 49 INCOME TAXES

Tax Reconciliation

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Reconciliation of tax expense		
Profit before tax	50,095.9	38,102.0
Income tax rate in India (%)	34.944%	34.944%
Income tax expense calculated at corporate tax rate	**17,505.5**	**13,314.4**
Effect of deduction claimed under chapter VI A of Income Tax Act, 1961	(10,218.1)	(6,841.0)
Effect of income that is exempt from tax	(90.6)	(235.9)
Effect of expenses that are not deductible in determining taxable profit	723.5	1,371.0
Effect of Incremental deduction allowed on account of research and development costs and other allowances	(2,054.1)	(2,950.2)
Effect of income which is taxed at special rates	(592.9)	(1,129.4)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(5,325.3)	(205.1)
Effect of difference between Indian and foreign tax rates and non taxable subsidiaries	12,555.2	1,609.4
Effect of deferred tax expense/ (credit) on unrealised profits	(3,061.6)	(1,653.4)
Tax payable under MAT on which DTA was not created	3,310.0	911.0
Others	(4,523.6)	1,818.1
Income tax expense recognised in consolidated statement of profit and loss	**8,228.0**	**6,008.8**

NOTE : 50 DEFERRED TAX

i) Deferred tax assets (Net)

₹ in Million

	Opening balance April 01, 2019	Profit/(loss) movement during the year *	Other comprehensive income movement during the year *	Closing balance March 31, 2020
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	5,777.2	(144.0)	100.5	5,733.7
Unabsorbed depreciation / carried forward losses	8,105.7	(2,795.4)	-	5,310.3
Inventory and other related items	6,194.5	3,785.4	-	9,979.9
Intangible assets	3,776.7	(922.2)	-	2,854.5
Others	2,486.2	1,782.9	223.1	4,492.2
	26,340.3	**1,706.7**	**323.6**	**28,370.6**
MAT credit entitlement	7,517.0	3,880.1	-	11,397.1
	33,857.3	**5,586.8**	**323.6**	**39,767.7**
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	6,307.7	664.2	-	6,971.9
Others	2,000.9	(755.2)	(202.8)	1,042.9
	8,308.6	**(91.0)**	**(202.8)**	**8,014.8**
	25,548.7	**5,677.8**	**526.4**	**31,752.9**

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ii) Deferred tax liabilities (Net)

₹ in Million

	Opening balance April 01, 2019	Profit/(loss) movement during the year *	Other comprehensive income movement during the year *	Closing balance March 31, 2020
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	1,595.6	633.1	-	2,228.7
	1,595.6	**633.1**	**-**	**2,228.7**
Less : Deferred tax assets				
Expenses claimed for tax purpose on payment basis	117.0	138.0	45.5	300.5
Others	143.6	(21.0)	5.7	128.3
	260.6	**117.0**	**51.2**	**428.8**
MAT credit entitlement	292.2	926.3	-	1,218.5
	552.8	**1,043.3**	**51.2**	**1,647.3**
	1,042.8	**(410.2)**	**(51.2)**	**581.4**

* Movement during the year includes foreign currency translation difference amounting to ₹1,111.7 Million gain for the year ended March 31, 2020.

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, 2020	As at March 31, 2019
Tax losses (includes capital in nature)	96,960.2	88,027.8
Unabsorbed depreciation	30,608.0	38,885.4
Unused tax credits (including MAT credit entitlement)	8,819.0	8,034.7
Deductible temporary differences	20,237.5	20,881.4
	156,624.7	**155,829.3**

The unused tax credits will expire from financial year 2021-22 to financial year 2034-35 and unused tax losses will expire from financial year 2020-21 to 2039-40. In case of certain overseas subsidiaries there is no expiry period for tax losses and unused tax credits.

NOTE : 51 EARNINGS PER SHARE

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (₹ in Million) - used as numerator for calculating earnings per share	37,649.3	26,654.2
Weighted average number of shares used in computing basic earnings per share (A)	2,399,334,970	2,399,326,681
Add: Dilution effect of employee stock option (B)	-	3,575
Weighted average number of shares used in computing diluted earnings per share (A+B)	2,399,334,970	2,399,330,257
Nominal value per share (in ₹)	1	1
Basic earnings per share (in ₹)	15.7	11.1
Diluted earnings per share (in ₹)	15.7	11.1

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NOTE : 52 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, 2020	Year ended March 31, 2019
India	101,862.7	78,166.7
United States of America	109,387.0	109,360.1
Emerging markets	61,972.5	58,698.0
Rest of world	50,029.5	40,638.0
	323,251.7	**286,862.8**

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

No customer contributed more than 10.0% of total revenues for the year ended March 31, 2020.

NOTE : 53 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, the Company has recorded an additional amount of ₹3,175.8 Million (March 31, 2019 : ₹493.7 Million) as deferred revenue pursuant to the requirements of Ind AS 115. Revenue of ₹1,543.8 Million (March 31,2019: ₹628.9 Million) has been recognised as Revenue from contract with customer in FY20 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, 2020	Year ended March 31, 2019
Revenue as per contracted price, net of returns	589,120.5	559,578.1
Less :		
Provision for sales return	(8,491.3)	(7,664.8)
Chargebacks, Rebates, discounts and others	(257,377.5)	(265,050.5)
	(265,868.8)	**(272,715.3)**
Revenue from contracts with customers	**323,251.7**	**286,862.8**

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₹ in Million

	As at March 31, 2020	As at March 31, 2019
Contract balances		
Trade receivables	94,212.4	88,842.0
Contract assets	434.1	-
Contract liabilities	9,836.7	8,487.9

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 : 54 LEASES

(a) Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", and applied to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the Company has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Management has excercised judgement in determining whether extension and termination options are reasonably certain to be excercised. Expenses related to short term leases and low-value assets for the year ended March 31, 2020 is ₹193.7 Million.

(b) The Group has given certain premises and plant and machinery under operating lease or leave and license agreements for a period ranging upto 10 years.These includes both cancellable and non-cancellable leases and agreements. The Group has received refundable interest free security deposits, where applicable, in accordance with agreed terms.

(c) Operating lease

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Group as lessor		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	149.5	155.5
later than one year and not later than five years	204.7	338.3

(d) The following is the movement of lease liabilities

₹ in Million

Particulars	Year ended March 31, 2020
Balance as at Beginning of the year	**1,346.4**
Additions	3,294.1
Deletions	(647.3)
Interest expense on lease liability	253.2
Payment towards lease liabilities	(959.7)
Translation difference	153.6
Balance at end of the year	**3,440.3**

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(e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Million

Particulars	As at March 31, 2020
Less than one year	1,078.4
Later than one year and not later than five years	2,076.7
Later than five years	1,839.3

NOTE : 55 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 ₹1,037.8 Million (March 31, 2019 : ₹947.7 Million).

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Provident Fund and Family Pension Fund	920.2	838.8
Contribution to Superannuation Fund	63.2	64.9
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	53.2	43.1
Contribution to Labour Welfare Fund	1.2	0.9

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.

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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 ₹586.4 Million (March 31, 2019: ₹446.7 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 the consolidated statement of profit and loss.

₹ in Million

	Year ended March 31, 2020		Year ended March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Expense recognised in the consolidated statement of profit and loss (Refer note 34)				
Current service cost	-	363.4	-	345.9
Interest cost	67.5	243.1	67.7	256.8
Expected return on plan assets	-	(240.9)		(229.9)
Expense charged to the consolidated statement of profit and loss	67.5	365.6	67.7	372.8
Remeasurement of defined benefit obligation recognised in other comprehensive income				
Actuarial loss / (gain) on defined benefit obligation	80.8	334.6	64.9	(322.6)
Actuarial loss/ (gain) on plan assets	-	2.3	-	26.7
Expense/(income) charged to other comprehensive income	80.8	336.9	64.9	(295.9)
Reconciliation of defined benefit obligations				
Obligations as at the beginning of the year	949.3	3,415.3	903.7	3,426.2
Current service cost	-	363.4	-	345.9
Interest cost	67.5	243.1	67.7	256.8
Benefits paid	(87.9)	(294.1)	(87.0)	(291.0)
Actuarial (gains)/losses on obligations				
due to change in demographic assumptions	-	106.3	-	(17.8)
due to change in financial assumptions	58.2	44.6	35.7	(223.6)
due to experience	22.6	183.7	29.2	(81.2)
Acquisition Adjustment		2.8		
Obligation as at the year end	1,009.7	4,065.1	949.3	3,415.3

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₹ in Million

	As at March 31, 2020 Gratuity (Funded)	As at March 31, 2019 Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the consolidated balance sheet		
Present value of commitments (as per actuarial valuation)	4,065.1	3,415.3
Fair value of plan assets	(3,470.6)	(3,385.7)
Excess of planned assets over commitments not recognised	-	-
Net liability recognised in the consolidated financial statement	594.5	29.6

₹ in Million

	Year ended March 31, 2020 Gratuity (Funded)	Year ended March 31, 2019 Gratuity (Funded)
Reconciliation of plan assets		
Plan assets as at the beginning of the year	3,385.7	3,068.8
Expected return	240.9	229.9
Assets transferred in/ Acquisitions	0.3	-
Actuarial gain/ (loss)	(2.3)	(26.7)
Employer's contribution during the year	140.1	404.7
Benefits paid	(294.1)	(291.0)
Plan assets as at the year end	3,470.6	3,385.7

	As at March 31, 2020		As at March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Assumptions :				
Discount rate	6.50%	In range of 6.10% to 6.50%	7.10%	In range of 7.10% to 7.50%
Expected return on plan assets	N.A.	6.50%	N.A.	7.10%
Expected rate of salary increase	N.A.	In range of 7.00% to 10.00%	N.A.	In range of 7.00% to 10.00%
Interest rate guarantee	N.A.	N.A	N.A.	N.A.
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Morality (2012-14)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Morality (2006-08)
Employee turnover	N.A.	In range of 8.00% to 13.45%	N.A.	In range of 8.21% to 15.80%
Retirement age (years)	N.A.	58 to 60	N.A.	58 to 60

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₹ in Million

	As at March 31, 2020		As at March 31, 2019	
	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 occurring at the end of the reporting period.				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	(84.7)	(241.0)	(76.3)	(172.5)
Delta effect of -1% change in discount rate	95.6	271.1	85.5	191.1
Delta effect of +1% change in salary escalation rate	-	261.5	-	184.8
Delta effect of -1% change in salary escalation rate	-	(237.3)	-	(170.3)
Delta effect of +1% change in rate of employee turnover	-	(42.2)	-	(26.0)
Delta effect of -1% change in rate of employee turnover	-	46.8	-	28.6
Maturity analysis of projected benefit obligation for next				
1st year	88.8	683.4	88.4	698.8
2nd year	88.0	507.8	87.5	474.9
3rd year	87.1	465.0	86.7	469.1
4th year	86.1	470.3	85.8	414.2
5th year	85.5	469.4	84.8	398.5
Thereafter	2,122.9	4,044.3	2,143.7	2,908.1
The major categories of plan assets are as under:				
Central government securities	-	9.7	-	9.9
Bonds and securities	-	66.2	-	67.3
Insurer managed funds (Funded with LIC, break-up not available)	-	2,459.6	-	2,358.1
Surplus fund lying uninvested	-	935.1	-	950.4

The contribution expected to be made by the Parent and Indian subsidiaries for gratuity, during financial year ending March 31, 2021 is ₹976.1 Million (March 31, 2020 ₹334.2 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.

NOTE : 56

On November 23, 2016, Taro announced that its Board of Directors approved a US$250 Million 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, in accordance with a 10b5-1 program, at an average price of US$100.28 per share. During the year ended March 31, 2019, Taro repurchased 888,719 shares through the November 2016 program at an average price of US$95.05 per share.

On November 4, 2019, Taro announced that its Board of Directors approved a US$300 Million share repurchase of ordinary shares. On November 15, 2019, the Taro commenced a modified “Dutch auction” tender offer to repurchase up to US$225 Million in value of its ordinary shares. In accordance with the terms and conditions of the tender offer, which expired on December 16, 2019, Taro accepted for payment 280,719 ordinary shares at the final purchase price of US$91.00 per share.

Notes to the Consolidated Financial Statements

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NOTE : 57 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, 2020			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	158,739	562.5	562.5	0.9
Exercised during the year	-	-		-
Lapsed during the year	(158,739)	562.5	562.5	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The scheme has ended and no option are outstanding at the end of the year.

	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

NOTE :58

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹214.2 Million (March 31,2019: ₹241.5 Million).

NOTE :59

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, 2019: ₹Nil) in respect of such associates and joint ventures. The unrecognised share of loss of ₹Nil (March 31, 2019: ₹Nil) in respect of such associates and joint ventures.

Notes to the Consolidated Financial Statements

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NOTE : 60

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, 2020	Year ended March 31, 2019
	Product and Sales related *	Product and Sales related *
Opening balance	26,989.0	50,165.4
Add: Provision for the year	45,371.5	67,645.3
Add: Unwinding of discounts on provisions	-	46.7
Less: Utilisation/settlement/reversal ^	(37,948.4)	(92,913.1)
Add/(less): Foreign currency exchange fluctuation	2,407.8	2,044.7
Closing balance	**36,819.9**	**26,989.0**

* Includes provision for trade commitments, discounts, rebates, price reductions, product returns, chargeback, medicaids, contingency provision and clawback.

^ Previous year ended March 31, 2019 includes reversal of obligation arising from a supply contract with Atlas Global Trading ("Atlas"). These rights and obligations were acquired by Sun Laboratories FZE a wholly owned subsidiary from Atlas in the previous year.

NOTE : 61 EXCEPTIONAL ITEMS INCLUDES THE FOLLOWING :

a) The Group was 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. Subsequently, the Company reached settlements in these coordinated proceedings. The Company accounted for an amount of ₹12,383.8 Million in the year ended on March 31, 2019, of which ₹12,143.8 Million was disclosed as an exceptional item. During year ended March 31, 2020, the Company entered into a settlement agreement with the last remaining Plaintiff of these coordinated proceedings and the settlement amount has been grouped in other expenses.

b) The Hon'ble Supreme Court of India while disposing various Special leave petitions filed by the Central Government with respect to central excise refund claims of various eligible industries under the Industrial Policies and Central Excise notifications in relation thereto, had held that the amendments to original notification restricting the central excise refund were clarificatory in nature. Based on the judgement by the Hon'ble Supreme Court of India, an amount of ₹1,042.8 Million including interest has been charged in the statement of profit and loss.

c) Our U.S. subsidiary, Dusa Pharmaceuticals, Inc has reached an agreement in principle with the U.S. Department of Justice and an individual to resolve allegations relating to the sales, marketing and promotion of two of its products - Levulan and Blu-u, as extension of a Civil Investigation Demand for the period January 2010 to September 2017. The Company has made a provision of ₹1,563.6 Million for this settlement.

NOTE : 62

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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

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 2019, the USFDA inspected the Halol facility and issued Form 483 with 8 observations. Post the submission of the company's response in January 2020, the USFDA classified the inspection status as Official Action Indicated (OAI). The company is in continuous communication with the USFDA to resolve the outstanding issues from the December 2019 inspection. The Company continues to manufacture and distribute products to the U.S from this facility. However, the OAI status normally implies that the USFDA may put all new approvals from the Halol facility on hold till the outstanding corrective actions are completed.

d) In September 2013, the USFDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In March 2017, the USFDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The Mohali facility continues to demonstrate sustainable cGMP compliance as required by the consent decree. The Company continues to receive approval of applications, manufacture and distribute products to the U.S from this facility.

NOTE : 63

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 Sun Pharma Distributors Limited (SPDL), a wholly owned subsidiary of the Company. During the transition phase AML acted as an agent of Company.

During the current year, post completion of the transition, SPDL executed a business transfer agreement on October 07, 2019 to acquire the Pharmaceutical business undertaking of AML on a slump sale basis, which included certain receivables and payables. The net consideration paid by the company amounted to ₹629.6 Million.

NOTE : 64

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, was transferred to the Company w.e.f April 01, 2017. Consequently, effect of the scheme including the tax impact was given in the consolidated financial statement in accordance with Ind AS 103 – Business Combinations in the previous financial years.

NOTE : 65

The Group continues to monitor the impact of COVID-19 on its business, including its impact on customers, supply-chain, employees and logistics. Due care has been exercised, in concluding on significant accounting judgements and estimates, including in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the information available to date, while preparing the Group's financial statements as of and for the year ended March 31, 2020.

NOTE : 66 DETAILS OF LONG-TERM BORROWINGS AND CURRENT MATURITIES OF LONG-TERM DEBT [INCLUDED UNDER OTHER CURRENT FINANCIAL LIABILITIES]

A Secured term loan from other parties:

Secured term loan from department of biotechnology of ₹108.2 Million (March 31, 2019 : ₹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, 2020, last installment is due on June 14, 2025.

B Term loan from banks:

Unsecured

(i) Unsecured External Commercial Borrowings (ECBs) has 4 loans aggregating of US$225 Million (March 31, 2019 : US$290 Million) equivalent to ₹16,971.8 Million (March 31, 2019 : ₹20,036.1 Million) and 2 loan of JPY 10,317.5 Million (March 31, 2019 : Nil) equivalent to ₹7,178.8 Million (March 31, 2019 : Nil). For the ECB loans outstanding as at March 31, 2020, the terms of repayment for borrowings are as follows:

a) US$25 Million (March 31, 2019 : US$50 Million) equivalent to ₹1,885.8 Million (March 31, 2019 : ₹3,454.5 Million). The loan was taken on September 20, 2012 and is repayable in 2 equal installments of US$25 Million each. The first

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

installment of US$25 Million has been repaid in current year and last installment of US$25 Million is due on September 18, 2020.

b) US$100 Million (March 31, 2019 : US$100 Million) equivalent to ₹7,543.0 Million (March 31, 2019 : ₹6,909.0 Million). The loan was taken on June 04, 2013 and is repayable in 3 installments viz. first installment of US$30 Million is due on June 01, 2020, second installment of US$30 Million is due on December 01, 2020 and last installment of US$40 Million is due on December 01, 2021.

c) US$50 Million (March 31, 2019 : US$50 Million) equivalent to ₹3,771.5 Million (March 31, 2019 : ₹3,454.5). The loan was taken on October 03, 2018 and is repayable in 2 equal installments of US$25 Million each. The first installment of US$25 Million is due on October 01, 2021 and last installment of US$25 Million is due on October 03, 2022.

d) US$Nil (March 31, 2019 : US$10 Million) equivalent to ₹Nil (March 31, 2019 : ₹690.9 Million). The loan was taken in tranches of US$16 Million on March 24, 2017 and US$10 Million on June 30, 2017. The first installment of US$16 Million has been repaid during the year ended March 31, 2019 and last installment of US$10 Million has been repaid in current year.

e) US$Nil (March 31, 2019 : US$30 Million) equivalent to ₹Nil (March 31, 2019 : ₹2,072.7 Million). The loan was taken on September 08, 2017 and has been repaid in current year.

f) US$Nil (March 31, 2019 : US$50 Million) equivalent to ₹Nil (March 31, 2019 : ₹3,454.5 Million). The loan was taken on August 11, 2015 and is refinanced with JPY loan, as detailed in note (g) below.

g) JPY 5,317.5 Million (March 31, 2019 : JPY Nil) equivalent to ₹3,699.9 Million (March 31, 2019 : ₹Nil). The loan was taken on August 11, 2015 in USD. The currency of the loan was changed to JPY on August 8, 2019. The loan is due for repayment on February 08, 2022.

h) JPY 5,000.0 Million (March 31, 2019 : JPY Nil) equivalent to ₹3,478.9 Million (March 31, 2019 : ₹Nil). The loan was taken on August 29, 2019 and is repayable in 3 equal installments of JPY 1,667 Million each. The first installment of JPY 1,667 Million is due on August 30, 2021, second installment of JPY 1,667 Million is due on August 29, 2022 and last installment of JPY 1,667 Million is due on August 29, 2023.

i) US$50 Million (March 31, 2019 : US$Nil) equivalent to ₹3,771.5 Million (March 31, 2019 : ₹Nil). The loan was taken on August 29, 2019 and is repayable in 3 equal installments of US$16.67 Million each. The first installment of US$16.67 Million is due on August 30, 2021, second installment of US$16.67 Million is due on August 29, 2022 and last installment of US$16.67 Million is due on August 29, 2023.

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 (range from 1.79% - 2.14% as at March 31, 2020) and secured loan from department of biotechnology have been availed at a range from 2% to 3%.

NOTE : 67 DETAILS OF SECURITIES FOR CURRENT BORROWINGS ARE AS UNDER:

Borrowings taken by overseas subsidiaries are supported by the letters of awareness issued by the Parent Company.

NOTE : 68 LOANS/ADVANCES DUE FROM AN ASSOCIATE

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Interest bearing with specified repayment schedule:		
Medinstill LLC		
Considered good	377.2	283.3
	377.2	**283.3**

Loans have been granted to the above entity for the purpose of its business.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 69

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".

NOTE : 70

Prior to April 01, 2019, the functional currency of the Taro's Canadian subsidiary was the Canadian dollar ("CAD"). Effective April 01, 2019, Taro Pharmaceuticals Inc (TPI) functional currency was prospectively changed to USD. This change was based on a factual assessment of the changes in the primary economic and business environment, in which TPI operates, which have evolved over time.

As part of management's functional currency assessment, changes in economic facts and circumstances were considered. Over the years the subsidiary has centralised different functions, including treasury, which resulted in a stronger focus on the USD currency for TPI. Additionally, TPI has implemented budgeting in USD, whereas this was previously performed in CAD. Further, lately due to a shift in focus, TPI's cash inflows consist primarily of USD cash balances and less of CAD, as also reflected in the budget.

Management re-evaluated all indicators to determine the functional currency of TPI. Such indicators include i) cash flow, ii) sales price, iii) sales market, iv) expense, v) financing and vi) intercompany transactions and arrangements. Considering all relevant facts together, management concluded that USD best reflects the currency of the primary economic environment in which TPI currently operates.

NOTE : 71 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, 2020	As at March 31, 2019
Taro Pharmaceutical Industries Ltd. and its subsidiaries (TARO Group)	United States of America	Israel	Beneficial ownership	22.90%	23.46%
			Voting power	15.27%	15.64%

* Held by non-controlling interest

₹ in Million

Name of Subsidiary	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
TARO Group	3,856.2	4,862.7	36,474.5	30,992.5
Individually immaterial subsidiaries with non-controlling interests	214.1	561.7	2,127.9	2,142.9
Total	**4,070.3**	**5,424.4**	**38,602.4**	**33,135.4**

The summarised consolidated financial information of TARO Group before inter-company eliminations:

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Consolidated balance sheet of TARO Group		
Non-current assets	62,130.2	46,813.3
Current assets	114,436.4	100,615.7
Non-current liabilities	(488.6)	(341.2)
Current liabilities	(16,800.6)	(14,980.2)

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consolidated statement of profit and loss of TARO Group		
Total income	49,279.0	50,823.9
Total expenses	29,137.2	24,992.4
Profit after tax	16,638.9	20,161.1
Total comprehensive income for the year	16,029.9	17,149.2

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consolidated cash flows information of TARO Group		
Net cash generated from operating activities	22,081.4	23,010.1
Net cash generated from / (used in) investing activities	(21,131.2)	17,986.5
Net cash used in financing activities	(1,843.7)	(41,189.7)

Dividend paid by Taro during the year US$Nil (March 31, 2019: US$500 Million). For repurchase of ordinary shares done by Taro refer note 56.

NOTE : 72

The Board of Directors of the Company at its meeting held on May 25, 2018 and the shareholders and unsecured creditors at its respective meetings held on June 04, 2019 had approved the Composite 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, envisaged 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. On December 19, 2019, the Hon'ble National Company Law Tribunal, Ahmedabad Bench, on interpretation ground that an outbound Demerger is not envisaged under Section 234 of Companies Act, 2013, did not allow the Company's petition for the said Composite Scheme of Arrangement. Hence no effect of the said scheme of Arrangement has been given in the consolidated financial statements.

NOTE : 73

The Board of Directors at its meeting held on March 17, 2020 has approved the buy-back by the Company of its equity shares from the open market through stock exchange mechanism as prescribed under Buy-back regulations at the maximum price of ₹425.0 per share for an aggregate maximum amount of ₹17,000.0 Million.

NOTE : 74 RELATED PARTY DISCLOSURES (IND AS-24) - AS PER ANNEXURE 'B'.

NOTE : 75 BUSINESS COMBINATIONS

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. for the full year 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 Company had recognised total assets of ₹7,667.1 Million, liabilities of ₹4,264.9 Million and capital reserve of ₹3,174.2 Million in the previous year on a provisional basis in accordance with Ind AS 103. During the current year, the Company has not obtained any additional information which could lead to any change.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE :76 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 39)

b) Revenue (Refer note 2 (o))

c) Impairment of goodwill and intangible assets (Refer note 2 (g), (h) and 47)

NOTE : 77

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has issued listed unsecured commercial paper during the year.

(a) Credit Rating and change in credit rating, if any:

Name of Credit Rating Agency	Rating
CRISIL	CRISIL A1+
ICRA	ICRA A1+

(b) Ratios and Formulae

	As at March 31, 2020	As at March 31, 2019
(i) Debt Equity Ratio = (Long-term Borrowings + Short-term Borrowings + current maturities of long term borrowings) / (Total Equity)	0.18	0.25
(ii) Debt Service Coverage Ratio = Earnings before Finance Costs, Exceptional Item and Tax / (Finance Costs + Principal Repayment for borrowings made during the period)	0.40	0.32
(iii) Interest Service Coverage Ratio = Earnings before Finance Costs, Exceptional Item and Tax / Finance Costs	20.09	10.36
(iv) Asset cover = Total Assets - Intangible Assets - Current Liabilities excluding Short-term Borrowings and current maturities of Long-term Borrowings) / (Long-term Borrowings + Short-term Borrowings + current maturities of long term borrowing).	5.76	4.24

Note : The above borrowings and interest payments do not include payment related to leases

Alternative Ratios and Formulae

	As at March 31, 2020	As at March 31, 2019
(i) Debt service coverage ratio = Earnings before finance costs, depreciation and exceptional item / (Finance costs + Short-term borrowings + Current maturities of long-term borrowings)	1.05	0.71
(ii) Debt service coverage ratio = Earnings before finance costs, exceptional item and Tax / (Finance costs + Principal repayment for long term borrowings made during the period)	5.05	4.84

Note : The above borrowings and interest payments do not include payment related to leases.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

(c) Details of due dates and actual dates and amounts of repayment of listed unsecured commercial paper:

₹ in Million

ISIN No	Due Date of Payment	Actual Date of Repayment	Redemption Amount
INE044A14534	17-Feb-20	17-Feb-20	5,000.0
INE044A14559	18-Mar-20	18-Mar-20	8,000.0
INE044A14542	11-May-20	N/A	5,000.0
INE044A14567	17-Jun-20	N/A	5,000.0

(d) Capital Redemption Reserve and Net worth

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Redemption Reserve	7.5	7.5
Net worth	448,919.0	410,365.1

NOTE : 78
Figures for previous periods have been regrouped / reclassified wherever considered necessary.

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
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 27, 2020

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(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)	
		2019-20		2019-20		2019-20		2019-20	
		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		49.7	243,962.2	85.3	32,111.4	(4.4)	(808.0)	55.8	31,303.4
Subsidiaries									
Indian									
1	Green Eco Development Centre Limited	(0.0)	(0.0)	(0.0)	(0.9)	-	-	(0.0)	(0.9)
2	Sun Pharma Laboratories Limited	41.8	205,218.3	43.1	16,217.3	(0.5)	(84.7)	28.8	16,132.6
3	Faststone Mercantile Company Private Limited	0.0	13.0	0.0	0.3	-	-	0.0	0.3
4	Neetnav Real Estate Private Limited	0.6	2,922.4	0.0	1.1	-	-	0.0	1.1
5	Realstone Multitrade Private Limited	0.0	12.1	0.0	0.3	-	-	0.0	0.3
6	Skisen Labs Private Limited	(0.0)	(0.2)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
7	Softdeal Trading Company Private Limited	0.0	11.1	(0.0)	(0.1)	-	-	(0.0)	(0.1)
8	Universal Enterprises Private Limited	0.0	5.2	(0.0)	(0.1)	-	-	(0.0)	(0.1)
9	Realstone Infra Limited	0.0	2.2	(0.0)	(0.3)	-	-	(0.0)	(0.3)
10	Sun Pharmaceutical Medicare Limited	(0.4)	(1,881.4)	(3.7)	(1,396.3)	(0.0)	(0.4)	(2.5)	(1,396.7)
11	Zenotech Laboratories Limited	0.3	1,278.3	(0.2)	(72.5)	0.0	0.5	(0.1)	(72.0)
12	Sun Pharma Distributors Limited	0.1	674.8	1.8	674.4	(0.0)	(1.0)	1.2	673.4
13	Caraco Pharmaceuticals Private Limited	(0.0)	(0.1)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
Foreign									
1	Sun Pharmaceutical (Bangladesh) Limited	0.4	1,806.0	0.8	287.6	-	-	0.5	287.6
2	Sun Farmaceutica Do Brasil Ltda.	(0.5)	(2,670.2)	(1.9)	(698.0)	-	-	(1.2)	(698.0)
3	Sun Pharma De Mexico S.A. DE C.V.	0.2	961.9	0.3	130.3	-	-	0.2	130.3
4	SPIL De Mexico S.A. DE C.V.	0.0	0.2	-	-	-	-	-	-
5	Sun Pharmaceutical Peru S.A.C.	(0.0)	(173.6)	(0.0)	(5.8)	-	-	(0.0)	(5.8)
6	OOO "Sun Pharmaceutical Industries" Limited	(0.0)	(222.7)	(0.1)	(43.9)	-	-	(0.1)	(43.9)
7	Sun Pharma De Venezuela, C.A.	(0.0)	(0.0)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
8	Sun Pharma France (Formerly known as Ranbaxy Pharmacie Generiques)	(0.6)	(2,906.5)	(0.6)	(235.3)	-	-	(0.4)	(235.3)
9	Ranbaxy (Malaysia) SDN. BHD.	0.2	972.5	1.4	545.1	-	-	1.0	545.1
10	Ranbaxy Nigeria Limited	(0.1)	(385.5)	(1.3)	(504.4)	-	-	(0.9)	(504.4)
11	Sun Pharma (Netherlands) B.V	13.4	65,582.0	8.4	3,148.9	4.3	765.2	7.0	3,914.1
12	Alkaloida Chemical Company Zrt.	10.6	52,284.9	0.9	344.1	-	-	0.6	344.1

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(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)	
		2019-20		2019-20		2019-20		2019-20	
		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
13	Sun Pharmaceutical Industries (Australia) Pty Limited	0.1	715.2	(1.1)	(396.0)	-	-	(0.7)	(396.0)
14	Aditya Acquisition Company Ltd.	0.0	10.7	(0.0)	(5.5)	-	-	(0.0)	(5.5)
15	Sun Pharmaceutical Industries (Europe) B.V.	0.0	38.7	0.1	28.6	-	-	0.1	28.6
16	Sun Pharmaceuticals Germany GmbH	(0.0)	(137.1)	0.1	51.0	-	-	0.1	51.0
17	Sun Pharmaceuticals France	(0.0)	(50.1)	(0.1)	(20.3)	-	-	(0.0)	(20.3)
18	Sun Pharma Global FZE (Consolidated with a Joint venture)	13.4	66,062.3	(88.3)	(33,239.4)*	(12.8)	(2,368.2)	(63.5)	(35,607.6)*
19	Sun Pharmaceuticals SA (Pty) Ltd.	0.0	1.0	0.0	1.2	-	-	0.0	1.2
20	Sun Pharma Philippines, Inc.	(0.1)	(545.2)	0.0	18.4	-	-	0.0	18.4
21	Sun Pharmaceuticals Korea Ltd.	0.0	3.9	(0.0)	(0.4)	-	-	(0.0)	(0.4)
22	Sun Global Development FZE	-	-	0.0	16.2	-	-	0.0	16.2
23	Sun Pharma Japan Ltd. (Consolidated with its Subsidiary)	0.6	2,730.6	0.7	261.8	-	-	0.5	261.8
24	Sun Pharma HealthCare FZE	-	-	0.0	2.2	-	-	0.0	2.2
25	Sun Laboratories FZE	(0.1)	(712.3)	(1.4)	(518.8)	-	-	(0.9)	(518.8)
26	Taro Pharmaceutical Industries Ltd. (TARO) (Consolidated with its Subsidiaries)	32.4	159,277.4	44.2	16,638.9	(3.3)	(609.0)	28.6	16,029.9
27	Sun Pharma Switzerland Ltd.	0.0	9.3	(0.0)	(1.7)	-	-	(0.0)	(1.7)
28	Sun Pharma Holdings	48.2	236,744.7	(0.1)	(41.9)	-	-	(0.1)	(41.9)
29	Sun Pharma East Africa Limited	(0.0)	(140.4)	0.0	14.1	-	-	0.0	14.1
30	Sun Pharma ANZ Pty Ltd	(0.0)	(130.4)	0.3	124.4	-	-	0.2	124.4
31	Ranbaxy Farmaceutica Ltda.	(0.3)	(1,379.3)	(1.1)	(397.4)	-	-	(0.7)	(397.4)
32	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	0.0	209.0	(0.1)	(47.8)	-	-	(0.1)	(47.8)
33	Sun Pharma Egypt Ltd LLC	0.0	236.1	(0.1)	(51.5)	-	-	(0.1)	(51.5)
34	Rexcel Egypt LLC	(0.0)	(23.0)	(0.0)	(2.6)	-	-	(0.0)	(2.6)
35	Office Pharmaceutique Industriel Et Hospitalier	0.0	103.9	0.0	1.0	-	-	0.0	1.0
36	Basics GmbH	0.2	1,173.2	0.1	55.3	-	-	0.1	55.3
37	Ranbaxy Ireland Limited	0.1	577.1	(0.0)	(3.8)	-	-	(0.0)	(3.8)
38	Ranbaxy Italia S.P.A.	0.0	29.3	0.0	16.4	-	-	0.0	16.4
39	Sun Pharmaceutical Industries S.A.C.	(0.0)	(167.0)	0.0	12.7	-	-	0.0	12.7
40	Ranbaxy (Poland) SP. Z O.O.	0.0	221.5	0.0	17.1	-	-	0.0	17.1
41	Terapia SA	1.2	5,727.0	6.7	2,523.2	0.0	1.3	4.5	2,524.5
42	AO Ranbaxy	0.2	1,117.3	0.1	38.9	-	-	0.1	38.9
43	JSC Biosintez	0.1	514.4	(0.6)	(221.8)	-	-	(0.4)	(221.8)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(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 2019-20		Share in profit or (loss) 2019-20		Share in other comprehensive income (OCI) 2019-20		Share in total comprehensive income (TCI) 2019-20	
		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
44	Ranbaxy South Africa (Pty) Ltd. (Consolidated with its Subsidiary)	0.2	761.9	0.0	4.4	-	-	0.0	4.4
45	Ranbaxy Pharmaceuticals (Pty) Ltd.	0.3	1,656.2	0.5	177.9	-	-	0.3	177.9
46	Sun Pharma Laboratorios,S.L.U. (Formerly known as Laboratorios Ranbaxy, S.L.U.)	0.1	504.6	0.2	57.1	-	-	0.1	57.1
47	Ranbaxy (U.K.) Limited	0.3	1,531.4	0.2	69.1	-	-	0.1	69.1
48	Ranbaxy Holdings (U.K.) Limited	0.6	2,868.0	(0.0)	(0.6)	-	-	(0.0)	(0.6)
49	Sun Pharmaceutical Holding USA Inc (Consolidated with its Subsidiaries and its Associate)	14.6	71,713.8	20.8	7,815.3#	2.8	522.1	14.9	8,337.4#
50	Ranbaxy (Thailand) Co., Ltd.	0.0	213.3	(0.0)	(18.4)	-	-	(0.0)	(18.4)
51	Sun Pharmaceuticals Morocco LLC	0.0	14.3	0.2	60.8	-	-	0.1	60.8
52	"Ranbaxy Pharmaceuticals Ukraine" LLC	0.1	293.4	0.1	29.5	-	-	0.1	29.5
53	Pola Pharma Inc. (Consolidated with its Subsidiary)	-	-	2.0	737.5	-	-	1.3	737.5
	Non controlling interest in all subsidiaries	7.9	38,602.4	(10.8)	(4,070.3)	(15.1)	(2,789.2)	(12.2)	(6,859.5)
	Intercompany Elimination and Consolidation Adjustments	(135.7)	(666,597.1)	(6.7)	(2,588.5)	129.2	23,790.5	37.8	21,202.0
	Total	**100.0**	**491,246.9**	**100.0**	**37,649.3**	**100.0**	**18,419.1**	**100.0**	**56,068.4**

Includes share of loss and share of TCI, from its associate of ₹247.8 Million

* Includes share of loss and share of TCI, from a joint venture of ₹10.0 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, 2020

(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)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(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
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
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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(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
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
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, 2020

(Annexure 'B')

Ind AS- 24 - " Related Party Disclosures "

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

a	**Key Management Personnel (KMP)**	
	Dilip Shantilal Shanghvi	Managing Director (DIN: 00005588)
	Sudhir Vrundavandas Valia	Non-Executive Director (Designation changed from Whole-time Director to Non-Executive Director on May 29, 2019) and Non-Independent Director (DIN : 00005561)
	Sailesh Trambaklal Desai	Wholetime Director (DIN: 00005443)
	Israel Makov	Chairman and Non- Executive Director (Non- Independent) (DIN : 05299764)
	Kalyanasundaram Iyer Natesan Subramanian	Wholetime Director (DIN : 00179072)
b	**Relatives of Key Management Personnel**	
	Aalok Shanghvi	
	Vidhi Shanghvi	
c	**Others (Entities in which the KMP and relatives of KMP have control or significant influence)**	
	Aditya Medisales Limited	
	Alfa Infraprop Private Limited	
	Asepco Solutions Private Limited	
	Dhendai Tea and Industries Private Limited	
	Fortune Integrated Assets Finance Limited	
	Makov Associates Limited	
	PV Power Technologies Private Limited	
	Ramdev Chemicals Private Limited (upto 25.04.2019)	
	Shanghvi Finance Private Limited*	
	Shantilal Shanghvi Foundation	
	Sidmak Laboratories (India) Private Limited	
	Sun Petrochemicals Private Limited	
	Sun Pharma Advanced Research Company Limited.	
	Suraksha Asset Reconstruction Private Limited	
	United Medisales Private Limited	
d	**Joint Venture**	
	Artes Biotechnology GmbH	
e	**Associates**	
	Medinstill LLC	
	Medinstill Development LLC	
	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, 2020

(Annexure 'B')

Ind AS- 24 - " Related Party Disclosures "

Details of related party transaction :

₹ In Million

	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods	**202.0**	**309.2**
Others	202.0	309.2
Purchase of property, plant and equipment and other intangible assets	**34.0**	**1,036.9**
Others	34.0	1,035.2
Associates	-	1.7
Acquired on slump sale basis	**629.6**	**-**
Others (Refer note 63)	629.6	-
Revenue from contracts with customers, net of returns	**101.1**	**73,709.0**
Others	101.1	73,709.0
Sale of property, plant and equipment and other intangible assets	**5.3**	**277.4**
Others	5.3	277.4
Receiving of service	**1,433.8**	**1,248.6**
Others	1,388.3	1,144.2
Joint venture	45.5	29.3
Associate	-	75.1
Reimbursement of expenses - Paid	**505.8**	**41.5**
Others	478.8	21.7
Joint venture	-	3.9
Associates	27.0	15.9
Rendering of service	**217.1**	**110.1**
Others	217.1	110.0
Unconsolidated subsidiary	-	0.1
Reimbursement of expenses - Received	**320.5**	**67.8**
Others	320.5	67.8
Loan given	**63.8**	**286.8**
Associate	63.8	286.8
Interest income	**69.2**	**1,530.4**
Others	69.2	1,530.4
Lease rental and hire charges (Income)	**22.8**	**44.3**
Others	22.8	44.3
Rent expense / payment towards lease liabilities	**7.8**	**7.8**
Others	7.8	7.8
Advance given	**-**	**239.6**
Others	-	8.8
Associate	-	230.8
Remuneration/ compensation	**453.3**	**271.3**
Key management personnel	424.2	246.2
Relatives of Key management personnel	29.1	25.1
Donation	**61.4**	**123.8**
Unconsolidated subsidiary	54.3	48.8
Others	7.1	75.0

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

(Annexure 'B')

Ind AS- 24 - " Related Party Disclosures "

Balance outstanding as at end of the year

₹ In Million

	As at March 31, 2020	As at March 31, 2019
Receivables	**589.8**	**6,091.6**
Others	589.8	6,091.6
Payables	**447.9**	**355.0**
Others	314.6	225.2
Joint venture (March 31, 2019: ₹48,558)	0.1	0.0
Associates	-	0.9
Key management personnel	133.2	128.0
Relatives of Key management personnel	-	0.9
Security deposit given	**0.5**	**0.5**
Others	0.5	0.5
Loan given	**377.2**	**283.3**
Associate	377.2	283.3
Lease Liability	**73.4**	**-**
Others	73.4	-
Advance (includes capital and supply of goods/services)	**1,233.8**	**1,156.3**
Others	-	8.7
Associates	1,233.8	1,147.6

Key Management Personnel (KMP) and relatives of KMP 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'. 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 management personnel and relatives of KMP.

The sales to and purchases from related parties are made on an arm's length basis. Outstanding trade balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.