INDEPENDENT AUDITOR'S REPORT

To the Members of Sun Pharmaceutical Industries Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone Ind AS financial statements of Sun Pharmaceutical Industries Limited (the "Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Litigations (as described in Note 38 of the standalone Ind AS financial statements)	
The Company 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 Company assesses the need to make provision or to disclose a contingent liability on a case-to-case basis considering the underlying facts of each litigation. The eventual outcome of the litigations is uncertain and estimation at balance sheet date involves extensive judgement of management including input from legal counsel due to complexity of each litigation. Adverse outcomes could significantly impact the Company's reported results and balance sheet position. Considering the judgement involved in determining the need to make a provision or disclose as contingent liability, the matter is considered a Key Audit Matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of litigations, the recording / re-assessment of the related liabilities, provisions and disclosures. • Obtained a list of litigations from the Company's in-house legal counsel; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions. • Circulated, obtained and read legal confirmations from Company's external legal counsels in respect of material litigations and considered that in our assessment. • Verified the disclosures related to provisions and contingent liabilities in the standalone Ind AS financial statements to assess consistency with underlying documents.

Key audit matter	How our audit addressed the key audit matter
Tax litigations and recognition of deferred tax assets (as described in Note 9 and 38 of the standalone Ind AS financial statements)	
The Company has significant tax litigations for which the Company assesses the outcome on a case-to-case basis considering the underlying facts of each tax litigation. Adverse outcomes could significantly impact the Company's reported results 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 the matter has been considered as a Key Audit Matter. Recognition of deferred tax assets involves the assessment of its recoverability within the allowed time frame requiring significant estimate of the financial projections, availability of sufficient taxable income in the future and also involving significant judgements in the interpretation of tax regulations and tax positions adopted by the Company. Considering the judgement involved in determining the recovery of deferred tax assets, the matter is considered a Key Audit Matter	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations/deferred tax and the recording and re-assessment of the related liabilities/assets and provisions and disclosures. • Obtained 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/Minimum Alternate Tax (MAT) credit. • Verified disclosures of the tax positions, tax loss carry forwards and tax litigations in the standalone Ind AS financial statements.
Identification and disclosures of Related Parties (as described in Note 49 of the standalone Ind AS financial statements)	
The Company has related party transactions which include, amongst others, sale and purchase of goods/services to its subsidiaries, associates, joint ventures and other related parties and lending, investment and borrowing to/from its subsidiaries, associates and joint ventures. Identification and disclosure of related parties was a significant area of focus and hence considered it as a Key Audit Matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Obtained a list of related parties from the Company's management and traced the related parties to declarations given by directors, where applicable, and to Note 49 of the standalone Ind AS financial statements. • Read minutes of the meetings of the Board of Directors and Audit Committee and traced related party transactions with limits approved by Audit Committee / Board. • Read declarations of related party transactions given to the Board of Directors and Audit Committee. • Verified the disclosures in the standalone Ind AS financial statements for compliance with Ind AS 24.
Merger of Sun Pharma Global FZE (as described in Note 54(12) of the standalone Ind AS financial statements)	
Pursuant to scheme of arrangement in the nature of amalgamation and merger approved by National Company Law Tribunal ("NCLT") on August 31, 2021, Sun Pharma Global FZE has been merged with the Company with an appointed date of January 01, 2020. As disclosed in Note 54(12) to the standalone Ind AS financial statements, the merger is accounted for as a business combination under common control. The merger has a significant impact on the standalone Ind AS financial statements of the Company including assets, revenue, results, tax, reserves and comparative numbers. This transaction had a significant effect on the standalone Ind AS financial statements for the year and hence is considered as Key Audit Matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of the controls over the accounting for business combination. • Obtained the audited financial statements of Sun Pharma Global FZE for the year ended March 31, 2021. • Traced the numbers pertaining to Sun Pharma Global FZE in the restated financial information of the Company for the year ended March 31, 2021 to the audited financial statements of Sun Pharma Global FZE. • Tested the exchange restatements to check mathematical accuracy. • Read the approval obtained from NCLT. • Tested supporting schedules and evidence to ascertain that the accounting is as per the terms of the scheme of arrangement. • Evaluated the disclosures in the standalone Ind AS financial statements.
Other intangible assets (as described in Note 4 of the standalone Ind AS financial statements)	
The Company has significant intangible assets, comprising acquired trademarks and product intangibles. The Company conducts an annual impairment testing of intangible assets. Significant judgements are used to estimate the recoverable amount of these intangible assets and hence is considered as a Key Audit Matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of management's controls in assessing the carrying value of intangible assets. • Obtained the Company's computation of recoverable amount and tested the mathematical accuracy and reasonableness of key assumptions. • Obtained and evaluated management's sensitivity analysis to ascertain the impact of changes in key assumptions. • Evaluated the disclosures in the standalone Ind AS financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

As fully described in note 54(12) of the Standalone Ind AS financial statements, the Company has prepared these standalone Ind AS financial statements to give effect to the Scheme of arrangement in the nature of amalgamation and merger of Sun Pharma Global FZE with the Company with an appointed date of January 01, 2020. We did not audit the financial statements and other financial information, in respect of Sun Pharma Global FZE, whose Ind AS financial statements, without giving effect to elimination of intra-group transactions included total assets of ₹ 83,523.4 Million as at March 31, 2021, total income of ₹ 13,379.1 Million, total net loss after tax of ₹ 12,973.2 Million and total comprehensive loss of ₹ 11,889.3 Million for the year ended March 31, 2021 and net cash inflow of ₹ 343.9 Million for the period from April 01, 2020 to March 31, 2021. These Ind AS financial statements and other financial information have been audited by other auditor whose report has been furnished to us. Our conclusion, in so far as it relates to the amounts and disclosures of Sun Pharma Global FZE is based solely on report of such other auditor. Our conclusion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 24 and 28 to the standalone Ind AS financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except a sum of ₹ 1.2 Million which has been kept in abeyance due to pending legal cases.

iv. (a) The management has represented that, to the best of its knowledge and belief and read with note 54(21) to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief and read with note 54(21) to the standalone Ind AS financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Company during the year in respect of that declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

As stated in note 42 to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

per **Paul Alvares**
Partner
Membership Number: 105754
UDIN: 22105754AJVRMM8346
Place of Signature: Mumbai
Date: May 30, 2022

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

RE: SUN PHARMACEUTICALS INDUSTRIES LIMITED (THE "COMPANY")

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records, where relevant, showing full particulars of intangible assets.

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

(c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 54(22) to the financial statements included in property, plant and equipment are held in the name of the Company, except for the following immovable properties for which registration of title deeds is in process:

Description	Held in name of	Gross Carrying value (₹ Millions)	Whether promoter, director or their relative or employee	Period held – (In Years)	Reason for not being held in name of company*
Freehold Land	Ranbaxy Drugs Limited	2.7	No	7	The title deeds are in the name of erstwhile companies that were merged with the Company under relevant provisions of the Companies Act, 1956/2013 in terms of approval of the Honorable High Courts of respective states.
Freehold Land	Ranbaxy Laboratories Limited	123.1	No	7	
Leasehold Land	Ranbaxy Laboratories Limited	2.9	No	7	
Freehold Land including building located thereon	Solrex Pharmaceuticals Company	95.9	No	5	
Freehold Land including building located thereon	Tamilnadu Dadha Pharmaceuticals Limited	3.6	No	25	
Building	Various	4.1	No	5	The title deeds are in the name of erstwhile company that was merged with the Company in terms of approval of National Company Law Tribunal (NCLT).
Building	Sun Pharma Global FZE	89.9	No	1	

* In respect of building where the Company is entitled to the right of occupancy and use and disclosed as property, plant and equipment in the standalone Ind AS financial statements, we report that the instrument entitling the right of occupancy and use of building, are in the name of the Company as at the balance sheet date.

(d) The Company does not follow the revaluation model for subsequent measurement of its Property, Plant and Equipment (including Right of use assets) or intangible assets. Accordingly, the requirement to report on clause 3(i)(d) of the Order is not applicable to the Company and hence not reported upon.

(e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, the requirement to report on clause 3(i)(e) of the Order is not applicable to the Company and hence not reported upon.

(ii) (a) Inventory has been physically verified by management during the year except for inventories lying with third parties which have been confirmed by them. In our opinion, the frequency of verification by management is reasonable and the coverage and procedure for such verification is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed in respect such inventories.

(b) The Company has not been sanctioned working capital limits in excess of ₹ five crore in aggregate from banks or financial institutions during the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company and hence not reported upon.

(iii) (a) During the year the Company has provided loan to subsidiaries and employees, the details of which are as follows:

Particulars	Amount in ₹ Million
Aggregate amount provided during the year to	
- Subsidiary	35,724.8
- Employees	155.5
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiary	35,999.1
- Employees	97.6

During the year the Company has not provided advances in the nature of loans, stood guarantee or provided security to any entity and hence not commented upon by us.

(b) During the year the investments made and the terms and conditions of the grant of all loans to companies or any other parties are not prejudicial to the Company's interest. The Company has not provided guarantees, given security or granted advances in nature of loans during the year and hence not commented upon by us.

(c) The Company has granted loans to subsidiaries where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts have been regular except in the following cases:

Name of the Entity (Wholly owned Subsidiary)	Amount (in ₹ Million)	Due date	Extent of delay	Remarks, if any
Sun Pharmaceutical Industries Inc.	7,424.0	17-01-2022	NA	The loan was further renewed.
Sun Pharma Netherlands BV	20.4	21-02-2022	70 days	Was paid on 02-05-2022

(d) There are no amounts of loans granted which are overdue for more than ninety days as at March 31, 2022. Accordingly, we have not commented on the steps taken by the Company for recovery of the principal and interest.

(e) During the year, the Company had renewed loans to a subsidiary aggregating ₹ 7,424.0 Million which had fallen due during the year.

Name of Party	Aggregate amount of overdues of existing loans renewed (Amount in ₹ Millions)	Percentage of the aggregate to the total loans granted during the year
Sun Pharmaceutical Industries Inc.	7,424.0	20.69%

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company and hence not reported upon.

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

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company and hence not reported upon.

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

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities, where applicable, though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable

(b) The dues of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues that have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Forum where the dispute is pending	Year to which it pertains	Amount (₹ Million)*
Income Tax Act, 1961	Income taxes, interest, and penalty	Income Tax Appellate Tribunal (ITAT)	Various years from 2006-07 to 2011-12	123.8
Income Tax Act, 1961	Income taxes, Interest, and penalty	Commissioner of Income Tax (Appeals)	Various years from 2009-10 to 2014-15	103.8
Income Tax Act, 1961	Income taxes and Interest	High Court	2007-08	4.7
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi	Various years from 2003-04 to 2016-17	1,008.4
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner (Appeals)	Various years from 2003-04 to 2017-18	11.9
Finance Act, 1994	Service Tax	Commissioner (Appeals)	Various years from 2004-05 to 2017-18	29.2
Finance Act, 1994	Service Tax	CESTAT	Various years from 2013-14 to 2015-16	7,011.7
The Goods and Service Tax Act	GST	Commissioner (Appeals)	2017-18 and 2018-19	2.6
The Goods and Service Tax Act	GST	Assistant Commissioner	2017-18	4.0
Sales Tax Act / VAT (Various States)	Sales Tax, Interest and Penalty	Assistant / Additional / Senior Joint Commissioner	Various years from 1999-00 to 2017-18	25.6
Sales Tax Act / VAT (Various States)	Sales Tax, Interest and Penalty	Appellate Authority	Various years from 1998-99 to 2017-18	13.5
Sales Tax Act / VAT (Various States)	Sales Tax, Interest and Penalty	Tribunal	Various years from 1998-99 to 2013-14	3.0
Sales Tax Act / VAT (Various States)	Sales Tax, Interest and Penalty	High Court	Various years from 1999-00 to 2010-11	53.5
Custom Act, 1962	Customs Duty, Penalty and Interest	Commissioner (Appeals)	Various years from 2008-09 to 2014-15	2.8
Custom Act, 1962	Customs Duty, Penalty and Interest	CESTAT	Various years from 2010-11 to 2012-13	116.0

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

(viii) The Company has not surrendered or disclosed any transaction, previously not recorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company and hence not reported upon.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company and hence not reported upon.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company and hence not reported upon.

(x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company and hence not reported upon.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company and hence not reported upon.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year under audit.

(b) During the year, no report under sub-section 12 of section 143 of the Companies Act, 2013 has been filed by cost auditor/secretarial auditor or by us in Form ADT–4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government.

(c) We have read the whistle blower complaints received by the Company during the year. Whilst, these complaints are substantially immaterial, the Company has a process of evaluation and redressal of all such complaints as required by applicable regulations. Post evaluation by the Company, we have considered these complaints in determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company and hence not reported upon.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the requirement to report on clause 3(xv) of the Order is not applicable to the Company and hence not reported upon.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company and hence not reported upon.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company and hence not reported upon.

(d) Based on information and explanation provided by the management of the Company, there is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company and hence not reported upon. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year. Accordingly, the requirement to report on clause 3(xvii) of the Order is not applicable to the Company and hence not reported upon.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, the requirement to report on clause 3(xviii) of the Order is not applicable to the Company and hence not reported upon.

(xix) According to the information and explanations given to us and on the basis of the financial ratios disclosed in note 54(14) to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Act, in compliance with second proviso to sub-section 5 of section 135 of the Act. This matter has been disclosed in note 54(10) to the standalone Ind AS financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub-section 6 of section 135 of the Act. This matter has been disclosed in note 54(10) to the standalone Ind AS financial statements.

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

per **Paul Alvares**
Partner
Membership Number: 105754
UDIN: 22105754AJVRMM8346
Place of Signature: Mumbai
Date: May 30, 2022

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Sun Pharmaceutical Industries Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS

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

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per **Paul Alvares**
Partner
Membership Number: 105754
UDIN: 22105754AJVRMM8346
Place of Signature: Mumbai
Date: May 30, 2022

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2022

₹ in Million

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3 (a) & 3 (b)	49,695.7	48,918.1
(b) Capital work-in-progress		3,589.4	4,592.0
(c) Goodwill	4	1,208.0	1,208.0
(d) Other Intangible assets	4	46,224.1	46,561.8
(e) Intangible assets under development		4,697.0	6,311.8
(f) Investments in the nature of equity in subsidiaries	5	153,404.1	150,903.3
(g) Financial assets			
(i) Investments	6	154.2	4,158.7
(ii) Loans	7	36,566.3	8,527.7
(iii) Other financial assets	8	651.3	751.0
(h) Deferred tax assets (Net)	9	3,240.4	13,374.5
(i) Income tax assets (Net)	10	8,836.7	20,826.3
(j) Other non-current assets	11	2,350.1	3,913.9
Total non-current assets		**310,617.3**	**310,047.1**
(2) Current assets			
(a) Inventories	12	34,037.4	34,234.2
(b) Financial assets			
(i) Investments	13	1,930.4	310.0
(ii) Trade receivables	14	42,451.6	65,852.4
(iii) Cash and cash equivalents	15	4,195.3	3,510.6
(iv) Bank balances other than (iii) above	16	1,154.3	99.2
(v) Loans	17	91.0	7,471.1
(vi) Other financial assets	18	4,021.8	5,266.0
(c) Other current assets	19	9,155.7	10,557.3
Total current assets		**97,037.5**	**127,300.8**
TOTAL ASSETS		**407,654.8**	**437,347.9**

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2022

₹ in Million

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	2,399.3	2,399.3
(b) Other equity	21	243,480.2	266,985.4
Total equity		**245,879.5**	**269,384.7**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	48,656.4	53,000.2
(ii) Lease liabilities	47	1,896.8	2,028.4
(b) Other non-current liabilities	23	6,187.5	7,185.5
(c) Provisions	24	3,976.3	6,235.8
Total non-current liabilities		**60,717.0**	**68,449.9**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	30.7	18,364.5
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	44	1,052.8	852.0
(b) total outstanding dues of creditors other than micro and small enterprises	44	26,051.6	39,433.4
(iii) Lease liabilities	47	156.5	188.1
(iv) Other financial liabilities	26	40,678.1	22,294.8
(b) Other current liabilities	27	7,463.1	6,333.9
(c) Provisions	28	25,625.5	12,046.6
Total current liabilities		**101,058.3**	**99,513.3**
Total liabilities		**161,775.3**	**167,963.2**
TOTAL EQUITY AND LIABILITIES		**407,654.8**	**437,347.9**

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

As per our report of even date

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

per PAUL ALVARES
Partner
Membership No. : 105754
Mumbai, May 30, 2022

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)

ANOOP DESHPANDE
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 30, 2022

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

Particulars		Notes	Year ended March 31, 2022	Year ended March 31, 2021
(I)	Revenue from operations	29	155,859.8	141,160.5
(II)	Other income	30	9,579.2	1,920.7
(III)	**Total income (I + II)**		**165,439.0**	**143,081.2**
(IV)	**EXPENSES**			
	Cost of materials consumed	31	45,849.7	40,829.1
	Purchases of stock-in-trade		12,486.0	12,042.1
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	(1,831.8)	(1,796.4)
	Employee benefits expense	33	20,007.8	18,059.8
	Finance costs	34	3,881.0	2,675.2
	Depreciation and amortisation expense	3 (a), 3 (b) & 4	13,499.5	12,364.3
	Other expenses	35	52,662.5	49,318.2
	Net (gain) / loss on foreign currency transactions		(2,389.6)	137.6
	Total expenses (IV)		**144,165.1**	**133,629.9**
(V)	**PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III - IV)**		**21,273.9**	**9,451.3**
(VI)	Exceptional item	54 (2)	18,205.3	895.6
(VII)	**PROFIT BEFORE TAX (V - VI)**		**3,068.6**	**8,555.7**
(VIII)	**TAX EXPENSE / (CREDIT)**			
	Current tax	37	(5,535.8)	2,449.1
	Deferred tax	9 & 37	5,198.3	(2,317.4)
	Deferred tax - exceptional	54 (2)	4,406.0	-
	Total tax expense / (credit) (VIII)		**4,068.5**	**131.7**
(IX)	**PROFIT / (LOSS) FOR THE YEAR (VII - VIII)**		**(999.9)**	**8,424.0**
(X)	**OTHER COMPREHENSIVE INCOME**			
	A) Items that will not be reclassified to the statement of profit or loss			
	a. Gain / (loss) on remeasurement of the defined benefit plans		(223.4)	(111.6)
	Income tax on above		78.1	39.0
	b. Gain / (loss) on equity instrument measured at fair value through other comprehensive income		233.9	697.2
	Income tax on above		(20.8)	(3.0)
	Total - (A)		**67.8**	**621.6**

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
B) Items that may be reclassified to the statement of profit or loss			
a. Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		(492.4)	1,112.4
Income tax on above		172.1	(375.8)
b. Gain / (loss) on debt instrument measured at fair value through other comprehensive income		(104.4)	359.0
Income tax on above		-	(0.2)
c. Foreign currency translation reserve [gain / (loss)]		199.9	(1,722.2)
Income tax on above		(759.2)	-
Total - (B)		**(984.0)**	**(626.8)**
(X) Total other comprehensive income (A+B)		**(916.2)**	**(5.2)**
(XI) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		**(1,916.1)**	**8,418.8**
Earnings per equity share (face value per equity share - ₹ 1)	45		
Basic (in ₹)		(0.4)	3.5
Diluted (in ₹)		(0.4)	3.5

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

As per our report of even date

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

per PAUL ALVARES
Partner
Membership No. : 105754
Mumbai, May 30, 2022

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)

ANOOP DESHPANDE
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 30, 2022

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

Particulars	Equity share capital	Other Equity										Total
		Reserve and surplus						Other comprehensive income (OCI)				
		Capital reserve	Securities premium	Amalgamation reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instrument through OCI	Debt instrument through OCI	Foreign currency translation reserve	Effective portion of cash flow hedges	
Balance as at March 31, 2020	2,399.3	53,575.2	11,874.1	43.8	7.5	34,779.3	140,052.7	1.0	(0.3)	1,485.9	(256.3)	243,962.2
Add - Transfer on merger [Refer Note 54 (12)]	-	(31,316.7)	-	-	-	16,655.7	26,832.0	(1,653.3)	(254.1)	22,339.1	(8.4)	32,594.3
Adjusted balance as at March 31, 2020	2,399.3	22,258.5	11,874.1	43.8	7.5	51,435.0	166,884.7	(1,652.3)	(254.4)	23,825.0	(264.7)	276,556.5
Profit for the year	-	-	-	-	-	-	8,424.0	-	-	-	-	8,424.0
Other comprehensive income for the year	-	-	-	-	-	-	^(72.6)	694.2	358.8	(1,722.2)	736.6	(5.2)
Total comprehensive income for the year	-	-	-	-	-	-	**8,351.4**	**694.2**	**358.8**	**(1,722.2)**	**736.6**	**8,418.8**
Payment of dividend	-	-	-	-	-	-	(15,590.6)	-	-	-	-	(15,590.6)
Balance as at March 31, 2021	**2,399.3**	**22,258.5**	**11,874.1**	**43.8**	**7.5**	**51,435.0**	**159,645.5**	**(958.1)**	**104.4**	**22,102.8**	**471.9**	**269,384.7**
Loss for the year	-	-	-	-	-	-	(999.9)	-	-	-	-	(999.9)
Other comprehensive income for the year	-	-	-	-	-	-	^(145.3)	213.1	(104.4)	(559.3)	(320.3)	(916.2)
Total comprehensive income for the year	-	-	-	-	-	-	**(1,145.2)**	**213.1**	**(104.4)**	**(559.3)**	**(320.3)**	**(1,916.1)**
Payment of dividend	-	-	-	-	-	-	(21,589.1)	-	-	-	-	(21,589.1)
Transfer on sale of equity instruments	-	-	-	-	-	-	(790.4)	790.4	-	-	-	-
Balance as at March 31, 2022	**2,399.3**	**22,258.5**	**11,874.1**	**43.8**	**7.5**	**51,435.0**	**136,120.8**	**45.4**	**-**	**21,543.5**	**151.6**	**245,879.5**

^Represents re-measurement of the defined benefit plans.

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Mumbai, May 30, 2022

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)

ANOOP DESHPANDE
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 30, 2022

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flow from operating activities		
Profit before tax	3,068.6	8,555.7
Adjustments for:		
Depreciation and amortisation expense	13,499.5	12,364.3
Net (gain) / loss on sale/write off /impairment of property, plant and equipment,other intangible assets and intangible assets under development	1,348.3	19.2
Finance costs	3,881.0	2,675.2
Interest income	(4,390.2)	(825.8)
Dividend income on investments	(135.4)	(383.4)
Net loss/ (gain) arising on financial assets measured at fair value through profit or loss	(0.5)	(71.7)
Net gain on sale of financial assets measured at fair value through profit or loss	(65.0)	(107.3)
Net (gain) / loss on sale of financial assets measured at fair value through other comprehensive income	(57.7)	(0.4)
Gain on sale of investment in subsidiary	(2,075.7)	-
Provision / write off / (reversal) for doubtful trade receivables / advances	263.2	244.4
Sundry balances written back, net	(48.8)	(75.6)
Effect of exchange rate changes	444.2	3,339.8
Operating profit before working capital changes	**15,731.5**	**25,734.4**
Movements in working capital:		
(Increase)/ decrease in inventories	196.8	(4,950.4)
(Increase)/ decrease in trade receivables	23,384.4	(6,436.9)
(Increase)/ decrease in other assets	2,561.1	757.2
Increase / (decrease) in trade payables	(13,388.6)	(8,679.9)
Increase / (decrease) in other liabilities	15,187.0	(1,452.4)
Increase / (decrease) in provisions	11,096.0	(6,760.4)
Cash generated from / (used in) operations	**54,768.2**	**(1,788.4)**
Net Income tax (paid) / refund received (including interest on refunds)	21,595.4	(2,376.7)
Net cash generated from / (used in) operating activities (A)	**76,363.6**	**(4,165.1)**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(8,499.0)	(8,080.7)
Proceeds from disposal of property, plant and equipment and intangible assets	465.0	702.2
Loans / Inter corporate deposits		
Given to		
Subsidiary companies	(28,302.3)	(9,208.1)
Received back / matured from / assigned to		
Subsidiary companies	8,129.0	26,339.3
Others	-	88.2
Purchase of investments		
Subsidiary companies	(14,787.6)	-
Others	(54,857.7)	(78,361.0)
Proceeds from sale of investments		
Subsidiary companies	18,204.3	-
Others	53,303.5	82,098.3
Bank balances not considered as cash and cash equivalents		
Fixed deposits/ margin money placed	(1,050.1)	(11.8)
Fixed deposits/ margin money matured	12.5	16.5
Interest received	226.0	671.8
Dividend received from		
Subsidiary companies	135.4	383.4
Net cash (used in) / from investing activities (B)	**(27,021.0)**	**14,638.1**
C. Cash flow from financing activities		
Proceeds from borrowings		
Subsidiary company	85,611.2	98,472.2
Others	-	45,986.6
Repayment of borrowings		
Subsidiary companies	(88,290.0)	(65,020.3)
Others	(20,564.2)	(74,783.9)
Net increase / (decrease) in working capital demand loan	17.3	13.4

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Repayment towards lease liabilities		
Subsidiary companies	(261.2)	(262.4)
Others	(109.0)	(129.4)
Refund from escrow account for buy-back	-	4,250.0
Finance costs	(3,523.4)	(2,928.8)
Dividend paid	(21,589.2)	(15,594.7)
Net cash used in financing activities (C)	**(48,708.5)**	**(9,997.3)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**634.1**	**475.7**
Cash and cash equivalents at the beginning of the year	3,510.6	3,148.3
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	50.6	(113.4)
Cash and cash equivalents at the end of the year	**4,195.3**	**3,510.6**

Notes:

1 Cash and cash equivalents comprises of

₹ in Million

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	4,186.7	3,503.3
Cash on hand	8.6	7.3
Cash and cash equivalents in cash flow statement (Refer Note 15)	**4,195.3**	**3,510.6**

2 Change in financial liability / asset arising from financing activities

₹ in Million

Particulars	Year ended March 31, 2022		Year ended March 31,2021	
	Borrowings	Derivatives, net [(Liabilities) / Asset]	Borrowings	Derivatives, net [(Liabilities) / Asset]
Opening balance	**71,364.7**	**(42.9)**	**67,552.3**	**(161.7)**
Changes from financing cash flows	(23,226.7)	59.6	4,284.7	66.9
Effect of changes in foreign exchange rates	246.8	(16.7)	(302.7)	94.8
Changes in fair value	-	-	-	(42.9)
Other changes	302.3	-	(169.6)	-
Closing balance	**48,687.1**	**-**	**71,364.7**	**(42.9)**

For movement of lease liabilities, Refer Note 47.

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

As per our report of even date

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

per PAUL ALVARES
Partner
Membership No. : 105754
Mumbai, May 30, 2022

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)

ANOOP DESHPANDE
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 30, 2022

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 1: GENERAL INFORMATION

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

The standalone financial statement were authorised for issue in accordance with a resolution of the directors on May 30, 2022.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended March 31, 2022 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, 2021.

2.2 Basis of preparation and presentation

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 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 Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a. Current vs. Non-current

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

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

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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 Company classifies all other liabilities as non-current.

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

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

b. Foreign currency

On initial recognition, transactions in currencies other than the Company's functional currency (foreign currencies) are translated at exchange rates 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.r).
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2.2.i below for hedging accounting policies).
- 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.

c. Segment reporting

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

d. Property, plant and equipment

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

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

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

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

Items of property, plant and equipment acquired through exchange of non-monetary assets are

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measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the acquired asset is measured at the carrying amount of the asset given up.

Depreciation is recognised on the cost of assets (other than freehold land and Capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

Asset Category	No. of years
Factory Buildings	10-30
Buildings other than Factory Buildings*	30-60
Plant and equipment	3-25
Vehicles	5-10
Office equipment	2-5
Furniture and fixtures	5-10

* 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.

e. Goodwill and Other Intangible assets

Goodwill

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

Other Intangible assets

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

Research and development

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

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

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

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

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

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

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

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets that are not available for use are amortised from the date they are available for use.

The estimated useful lives for Product related intangibles and Other intangibles ranges from 3 to 12 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.

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

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

g. Impairment of non-financial assets

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

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

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

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

h. Non-current assets held for sale

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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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.

i. Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the date the Company commits to purchase or sale the financial assets.

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

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

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

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Equity instruments

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound financial instruments

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

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts 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 that the Company manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

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

Derecognition

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

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Embedded derivatives

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

Reclassification of financial assets

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, full currency 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.

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

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

(i) Fair value hedges

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

(ii) Cash flow hedges

The effective portion of changes in the fair value of the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

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The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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

Treasury shares

The Company has Employee Benefit Trust (EBT) for providing share-based payment to its employees.

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

Dividend distribution to equity holders of the Company

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

j. Leases

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

- Building 2-10 years
- Plant and Machinery 10-25 years
- Leasehold land 60-99 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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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.

Company as a lessor

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

k. Inventories

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

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

Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure.

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

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

l. Cash and cash equivalents

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

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

m. Provisions, contingent liabilities and contingent assets

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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Restructuring

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

Onerous contracts

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

Contingent liabilities and contingent assets

Contingent liability is disclosed for,

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

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

Contingent assets are not recognised in the financial statements. 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.

n. Revenue

Sale of goods

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, since it is the primary obligor in all of its revenue arrangement, as it has pricing latitude and is exposed to inventory and credit risks. Revenue is stated net of goods and service tax and net of returns, chargebacks, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Company estimates variable consideration at contract inception until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

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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 Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Rendering of services

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

Royalties

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

o. Dividend and interest income

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

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

p. Government grants

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

q. Employee benefits

Defined benefit plans

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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

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

Defined contribution plans

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

Share-based payment arrangements

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

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

r. Borrowing costs

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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s. Income tax

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

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

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

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 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.

t. Earnings per share

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

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

u. Business combination

The Company uses the acquisition method of accounting to account for business combinations that occurred on or after April 01, 2015. The acquisition date is generally the date on which

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FOR THE YEAR ENDED MARCH 31, 2022

control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as Capital Reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as Capital Reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method.

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 1, 2022.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 3 (a) PROPERTY, PLANT AND EQUIPMENT

₹ in Million

	Freehold land	Buildings Including given on lease	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost							
As at March 31, 2020	1,147.6	15,044.1	49,909.3	1,070.7	430.8	1,128.8	68,731.3
Taken over on merger	-	91.3	153.6	16.7	10.3	9.2	281.1
Foreign currency translation difference	-	(2.8)	(4.8)	(0.5)	(0.3)	(0.3)	(8.7)
Additions	229.4	435.6	4,320.1	38.0	65.3	378.4	5,466.8
Disposals	(2.5)	(69.6)	(209.0)	(8.2)	(59.0)	(9.8)	(358.1)
As at March 31, 2021	**1,374.5**	**15,498.6**	**54,169.2**	**1,116.7**	**447.1**	**1,506.3**	**74,112.4**
Foreign currency translation difference	-	1.3	2.4	0.2	0.1	0.1	4.1
Additions	35.1	695.2	4,971.6	28.5	102.9	224.4	6,057.7
Disposals	-	(110.2)	(236.0)	(24.5)	(77.3)	(4.7)	(452.7)
As at March 31, 2022	**1,409.6**	**16,084.9**	**58,907.2**	**1,120.9**	**472.8**	**1,726.1**	**79,721.5**
Accumulated depreciation and impairment							
As at March 31, 2020	-	2,422.0	18,705.0	607.6	278.7	699.7	22,713.0
Taken over on merger	-	29.1	25.7	16.7	9.6	8.1	89.2
Foreign currency translation difference	-	(0.9)	(1.0)	(0.5)	(0.3)	(0.2)	(2.9)
Depreciation expense	-	514.8	4,135.8	90.7	61.3	182.0	4,984.6
Disposals	-	(7.0)	(157.0)	(4.5)	(51.4)	(8.6)	(228.5)
As at March 31, 2021	**-**	**2,958.0**	**22,708.5**	**710.0**	**297.9**	**881.0**	**27,555.4**
Foreign currency translation difference	-	0.5	0.7	0.2	0.1	0.1	1.6
Depreciation expense	-	527.2	4,285.7	82.9	62.4	187.2	5,145.4
Disposals	-	(109.1)	(163.1)	(24.0)	(66.6)	(3.2)	(366.0)
As at March 31, 2022	**-**	**3,376.6**	**26,831.8**	**769.1**	**293.8**	**1,065.1**	**32,336.4**
Net book value							
As at March 31, 2021	**1,374.5**	**12,540.6**	**31,460.7**	**406.7**	**149.2**	**625.3**	**46,557.0**
As at March 31, 2022	**1,409.6**	**12,708.3**	**32,075.4**	**351.8**	**179.0**	**661.0**	**47,385.1**

Footnotes

(i) Buildings include ₹ 8,620 (As at March 31, 2021 : ₹ 8,620) towards cost of shares in a co-operative housing society and also includes ₹ 1.1 Million (As at March 31, 2021 : ₹ 1.1 Million) and ₹ 1,133.0 Million (As at March 31, 2021 : ₹ 1,133.0 Million) towards cost of non-convertible preference shares of face value of ₹ 10/- each and compulsorily convertible debentures of face value of ₹ 10,000/- each in a Company respectively entitling the right of occupancy and use of premises and also includes ₹ 4.5 Million (March 31, 2021 : ₹ 4.5 Million) towards cost of flats not registered in the name of the Company but is entitled to right of use and occupancy.

(ii) For details of assets pledged as security refer Note 48.

(iii) The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 3 (b) RIGHT-OF-USE ASSETS

₹ in Million

	Leasehold Land	Building	Plant and equipment	Total
As at March 31, 2020	1,098.1	291.5	1,860.9	3,250.5
Additions	-	163.3	98.5	261.8
Disposals	(774.5)	(8.3)	-	(782.8)
As at March 31, 2021	**323.6**	**446.5**	**1,959.4**	**2,729.5**
Additions	109.8	39.8	-	149.6
Disposals	(2.9)	(113.9)	-	(116.8)
As at March 31, 2022	**430.5**	**372.4**	**1,959.4**	**2,762.3**
Accumulated depreciation				
As at March 31, 2020	**14.5**	**95.6**	**56.1**	**166.2**
Depreciation expense	10.8	122.3	85.7	218.8
Disposals	(14.5)	(2.1)	-	(16.6)
As at March 31, 2021	**10.8**	**215.8**	**141.8**	**368.4**
Depreciation expense	6.7	96.1	88.7	191.5
Disposals	(0.5)	(107.7)	-	(108.2)
As at March 31, 2022	**17.0**	**204.2**	**230.5**	**451.7**
Net right-of-use assets				
As at March 31, 2021	**312.8**	**230.7**	**1,817.6**	**2,361.1**
As at March 31, 2022	**413.5**	**168.2**	**1,728.9**	**2,310.6**

Footnote

For details of Ind AS 116 disclosure refer Note 47.

NOTE : 4 GOODWILL / INTANGIBLE ASSETS

Other than internally generated

₹ in Million

	Computer Software	Product related intangibles	Goodwill	Total
At cost or deemed cost				
As at March 31, 2020	2,169.5	7,087.8	1,208.0	10,465.3
Taken over on merger	-	71,661.8	-	71,661.8
Foreign currency translation difference	-	(2,177.1)	-	(2,177.1)
Additions	1,037.1	937.8	-	1,974.9
Disposals	(471.1)	(172.8)	-	(643.9)
As at March 31, 2021	**2,735.5**	**77,337.5**	**1,208.0**	**81,281.0**
Foreign currency translation difference	-	1,041.8	-	1,041.8
Additions	668.6	6,529.1	-	7,197.7
Disposals	-	(54.5)	-	(54.5)
As at March 31, 2022	**3,404.1**	**84,853.9**	**1,208.0**	**89,466.0**
Accumulated amortisation and impairment				
As at March 31, 2020	1,156.2	6,124.8	-	7,281.0
Taken over on merger	-	20,237.4	-	20,237.4
Foreign currency translation difference	-	(703.8)	-	(703.8)
Amortisation expense	408.2	6,752.7	-	7,160.9
Disposals	(464.3)	(0.0)	-	(464.3)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

	Computer Software	Product related intangibles	Goodwill	Total
As at March 31, 2021	**1,100.1**	**32,411.1**	**-**	**33,511.2**
Foreign currency translation difference	-	405.8	-	405.8
Amortisation expense	410.6	7,752.0	-	8,162.6
Disposals	-	(45.7)	-	(45.7)
As at March 31, 2022	**1,510.7**	**40,523.2**	**-**	**42,033.9**
Net book value				
As at March 31, 2021	**1,635.4**	**44,926.4**	**1,208.0**	**47,769.8**
As at March 31, 2022	**1,893.4**	**44,330.7**	**1,208.0**	**47,432.1**

Footnotes

(i) The aggregate amortisation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

(ii) Refer Note 54 (1)

(iii) The recoverable amount of Goodwill have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate and appropriate discount rates that reflects current market assessments of time value of money. The management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

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

	As at March 31, 2022		As at March 31, 2021	
	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments				
Unquoted (At cost less impairment in value of investments, if any)				
Sun Pharmaceutical Industries, Inc.				
Common shares of no par value	8,387,666	304.2	8,387,666	304.2
Sun Farmaceutica do Brasil Ltda				
Quota of Capital Stock of Real 1 each fully paid	4,019	18.3	4,019	18.3
Sun Pharma De Mexico, S.A. DE C.V.				
Common Shares of no Face Value	750	3.3	750	3.3
Sun Pharmaceutical (Bangladesh) Limited				
Ordinary Shares of 100 Takas each fully paid	434,469	36.5	434,469	36.5
Share application money		31.6		31.6
Sun Pharmaceutical Peru S.A.C.				
Ordinary Shares of Soles 10 each fully paid	-	-	149	0.0
[₹ Nil (March 31, 2021: ₹ 21,734)]				
SPIL DE Mexico S.A. DE CV				
Nominative and free Shares of 500 Mexican Pesos each fully paid	-	-	100	0.2
OOO "Sun Pharmaceutical Industries" Limited				
Par value rouble stock fully paid	1	8.8	1	8.8
5,250,000 Rouble (March 31, 2021: 5,250,000 Rouble)				
Green Eco Development Centre Limited				
Shares of ₹ 10 each fully paid	700,000	7.0	700,000	7.0

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	As at March 31, 2022		As at March 31, 2021	
	Quantity	₹ in Million	Quantity	₹ in Million
Sun Pharma De Venezuela, C.A.				
Shares of Bolivars (Bs.F.) 100 each, Bolivars (Bs.F.) 50 per share paid	1,000	0.5	1,000	0.5
Sun Pharma Laboratories Limited				
Shares of ₹ 10 each fully paid	40,050,000	1.5	40,050,000	1.5
Faststone Mercantile Company Private Limited				
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1
Foundation for Disease Elimination and Control of India				
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1
Neetnav Real Estate Private Limited				
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1
Realstone Multitrade Private Limited				
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1
Skisen Labs Private Limited				
Shares of ₹ 10 each fully paid	16,360,000	163.6	16,360,000	163.6
Less: Impairment in value of investment		(163.6)		(163.6)
Softdeal Pharmaceuticals Private Limited (formerly known as Softdeal Trading Company Private Limited)				
Shares of ₹ 10 each fully paid	10,000	0.1	10,000	0.1
Sun Pharma Holdings				
Shares of USD 1 each fully paid	855,199,716	54,031.5	855,199,716	54,031.5
Less: Impairment in value of investment [Refer Note 54 (12)]		(31,590.0)		(31,590.0)
		22,441.5		**22,441.5**
Sun Pharma (Netherlands) B.V.				
Ordinary class A shares of Euro 100 each fully paid	5,473,340	39,877.3	5,473,340	39,877.3
Ranbaxy Malaysia Sdn. Bhd.				
Ordinary Shares of RM 1 each fully paid	3,189,248	37.0	3,189,248	37.0
Sun Pharma Japan Ltd				
Ordinary Shares of JPY 50,000 each fully paid	1,200	553.0	1,200	545.0
Sun Pharma Phillipines Inc.				
Ordinary Shares of Peso 100 each fully paid	-	-	86,534	14.7
Ranbaxy (Thailand) Company Ltd.				
Ordinary Shares of Baht 100 each fully paid ₹ Nil (March 31, 2021 : ₹ 754)	-	-	3	0.0
Sun Pharma East Africa Ltd				
Ordinary Shares of KES 100 each fully paid	-	-	1,000	0.1
Artes Biotechnology GmBh				
Ordinary shares of Euro 1 each fully paid with premium	-	-	15,853	266.4
Quoted (At cost less impairment in value of investments, if any)				
Zenotech Laboratories Limited				
Shares of ₹ 10 each fully paid	42,014,578	3,371.7	35,128,078	3,318.5
Less: Impairment in value of investment		(1,737.8)		(1,737.8)
		1,633.9		1,580.7
		64,954.9		**65,175.1**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	As at March 31, 2022		As at March 31, 2021	
	Quantity	₹ in Million	Quantity	₹ in Million
Preference shares - unquoted (At cost)				
Sun Pharma Holdings				
5% Optionally Convertible Preference Shares USD 1 each fully paid	1,165,593,148	73,642.2	1,265,593,148	80,411.1
Sun Pharma Japan Ltd - Preference Shares				
Non-cumulative, redeemable preference Shares of JPY 50,000 each fully paid	1,960	72.6	1,960	71.4
Sun Pharmaceutical Industries (Australia) Pty. Ltd				
Redeemable preference shares of AUD 1 each	-	-	69,644,566	3,769.0
Ranbaxy Pharma Proprietary Ltd				
Non-cumulative, redeemable preference shares of ZAR 1 each	-	-	280,000,000	1,476.7
Sun Pharma (Netherlands) B.V.				
Non-cumulative optionally convertible class B shares of Euro 100 each fully paid	1,707,212	14,734.4	-	-
		88,449.2		**85,728.2**
		153,404.1		**150,903.3**
Aggregate amount of unquoted investments before impairment		183,523.8		181,076.2
Aggregate book value (carrying value) of quoted investments before impairment		3,371.7		3,318.5
Aggregate amount of impairment in value of investments		33,491.4		33,491.4
Aggregate amount of quoted investments at market value		2,115.4		1,229.5

NOTE : 6 INVESTMENTS (NON-CURRENT)

	As at March 31, 2022		As at March 31, 2021	
	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments				
Quoted (Fair value through other comprehensive income)				
Krebs Biochemicals and Industries Limited				
Shares of ₹ 10 each fully paid	1,036,943	148.7	1,050,000	90.2
Amneal Pharmaceuticals Inc. (formerly known as Impax Laboratories Inc.,)				
Shares of USD 0.01 each fully paid	-	-	2,868,623	1,412.2
Unquoted (Fair value through profit or loss)				
Enviro Infrastructure Co. Limited				
Shares of ₹ 10 each fully paid	100,000	1.0	100,000	1.0
Shimal Research Laboratories Limited				
Shares of ₹ 10 each fully paid	9,340,000	934.0	9,340,000	934.0
Less: Impairment in value of investment		(934.0)		(934.0)
Shivalik Solid Waste Management Limited				
Shares of ₹ 10 each fully paid	20,000	0.2	20,000	0.2
Biotech Consortium India Limited				
Shares of ₹ 10 each fully paid	50,000	0.5	50,000	0.5
Less: Impairment in value of investment		(0.5)		(0.5)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	As at March 31, 2022		As at March 31, 2021	
	Quantity	₹ in Million	Quantity	₹ in Million
Nimbua Greenfield (Punjab) Limited				
Shares of ₹ 10 each fully paid	140,625	1.4	140,625	1.4
Watsun Infrabuild Private Limited				
Shares of ₹ 10 each fully paid	283,500	2.9	283,500	2.9
		154.2		**1,507.9**
Securities				
Quoted (Fair value through other comprehensive income)				
ONGC Videsh 4.625% Regd. Notes				
Regd. Notes maturing July 15, 2024	-	-	160,000	1,284.1
NTPC 4.375% Regd.Euro Medium Term Notes				
Term Notes maturing November 26, 2024	-	-	100,000	800.9
State Bank of India 4.875 %				
Regd. Notes maturing April 17, 2024	-	-	70,000	565.8
		-		2,650.8
		154.2		**4,158.7**
Aggregate book value (carrying value) of quoted investments		148.7		4,153.2
Aggregate amount of quoted investments at market value		148.7		4,153.2
Aggregate amount of unquoted investments before impairment		940.0		940.0
Aggregate amount of impairment in value of investments		934.5		934.5

NOTE : 7 LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Loans to employees		
Secured, considered good	2.4	2.9
Unsecured, considered good	4.2	3.8
Loans to subsidiaries (Refer Note 49 & 50) *		
Unsecured, considered good	36,559.7	8,521.0
	36,566.3	**8,527.7**

* Loans have been granted for the purpose of their business.

NOTE : 8 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Interest accrued (unsecured, considered good)	33.8	-
Security deposits (unsecured, considered good)	423.8	445.5
Unbilled revenue (Refer Note 53)	193.7	305.5
	651.3	**751.0**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 9 DEFERRED TAX ASSETS (NET)

₹ in Million

	Opening balance April 01, 2021	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance March 31, 2022
Deferred tax (liabilities) / assets in relation to:				
Difference between written down value of property, plant and equipment, intangible assets and capital work-in-progress as per books of accounts and income tax	(6,081.4)	(4,497.1)	-	(10,578.5)
Tax on foreign currency translation reserve	-	759.2	(759.2)	-
Difference in carrying value and tax base of financial assets of investments	(9.2)	75.5	(20.8)	45.5
Derivatives designated as hedges	(238.1)	(9.8)	172.1	(75.8)
Deferred revenue	587.8	2,205.9	-	2,793.7
Unbilled revenue	19.7	(8.6)	-	11.1
Allowance for doubtful debts and advances	755.0	144.9	-	899.9
Expenses claimed for tax purpose on payment basis	662.1	619.2	78.1	1,359.4
Unabsorbed depreciation / carried forward losses	4,301.9	1,240.4	-	5,542.3
Other assets	2.2	0.2	-	2.4
	-	**529.8**	**(529.8)**	**-**
Minimum Alternate Tax (MAT) credit entitlement	13,374.5	(10,134.1)	-	3,240.4
	13,374.5	**(9,604.3)**	**(529.8)**	**3,240.4**

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :		
Tax losses	79,813.3	63,153.8
Tax losses (Capital in nature)	19,516.0	13,581.1
Unabsorbed depreciation	33,934.8	28,088.7
Unused tax credits (MAT credit entitlement)	7,188.6	2,410.7
Deductible temporary differences	6,962.8	12,027.9

The unused tax credits will expire from financial year 2022-23 to financial year 2031-32 and unused tax losses will expire from financial year 2022-23 to financial year 2029-30.

NOTE : 10 INCOME TAX ASSETS (NET) (NON-CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Advance income tax *		
Net of provisions ₹ 6,161.9 Million (March 31, 2021 : ₹ 17,205.2 Million)	8,836.7	20,826.3
	8,836.7	**20,826.3**

* includes amount paid under protest

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 11 OTHER ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Capital advances	435.8	2,228.5
Prepaid expenses	13.1	15.6
Balances with government authorities *	1,901.2	1,669.8
	2,350.1	**3,913.9**

* includes amount paid under protest

NOTE : 12 INVENTORIES

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Lower of cost and net realisable value		
Raw materials and packing materials	13,586.6	16,016.8
Goods in transit	552.1	196.9
	14,138.7	**16,213.7**
Work-in-progress	11,246.3	11,041.9
Finished goods	7,261.5	5,213.9
Stock-in-trade	970.8	1,378.8
Stores and spares	420.1	385.9
	34,037.4	**34,234.2**

Footnotes

(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 the provisioning policy. Write downs of inventories amounted to ₹ 8,461.7 Million (March 31, 2021: ₹ 8,433.6 Million). The changes in write downs are recognised as an expense in the statement of profit and loss. The inventories with overseas contract manufacturers are stated as per the quantitative confirmations received from the respective parties.

(ii) For details of inventories pledged as security refer Note 48.

(iii) The cost of inventories recognised as an expense is disclosed in Notes 31, 32 and 35 and as purchases of stock-in-trade in the statement of profit and loss.

NOTE : 13 INVESTMENTS (CURRENT)

	As at March 31, 2022		As at March 31, 2021	
	Quantity	₹ in Million	Quantity	₹ in Million
Mutual funds				
Unquoted (Fair value through profit or loss) *				
BNP Paribas Mutual fund - BNP Paribas Liquid Fund - Direct Plan - Growth	-	-	97,894	310.0
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	370,662	1,930.4	-	-
		1,930.4		**310.0**

* Mutual funds have been fair valued at closing net asset value (NAV).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 14 TRADE RECEIVABLES

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Unsecured		
Considered good	42,451.6	65,852.4
Credit impaired	1,341.7	1,251.5
	43,793.3	**67,103.9**
Less : Allowance for credit impaired	(1,341.7)	(1,251.5)
	42,451.6	**65,852.4**

NOTE : 15 CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	4,186.7	3,503.3
Cash on hand	8.6	7.3
	4,195.3	**3,510.6**

NOTE : 16 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 15 ABOVE

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Deposit accounts	1,043.5	-
Earmarked balances with banks		
Unpaid dividend accounts	104.2	86.7
Balances held as margin money or security against guarantees and other commitments	6.6	12.5
	1,154.3	**99.2**

NOTE : 17 LOANS (CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Loans to employees / others *		
Secured, considered good	0.7	0.7
Unsecured, considered good	90.3	156.6
Credit impaired	15.3	15.3
Less : Allowance for doubtful loans (expected credit loss allowance)	(15.3)	(15.3)
	91.0	**157.3**
Loans to subsidiaries (Refer Note 49 and 50) *		
Unsecured, considered good	-	7,313.8
	91.0	**7,471.1**

* Loans have been granted for the purpose of their business.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 18 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Interest accrued (unsecured, considered good)	85.8	53.6
Security deposits (unsecured, considered good)	91.9	47.1
Other receivables	1,675.3	1,864.6
Less : Allowance for doubtful *	(500.0)	(500.0)
	1,175.3	**1,364.6**
Other receivables - from related parties (Refer Note 49)	445.9	17.4
Refund due from government authorities	1,318.0	2,651.7
Unbilled revenue (Refer Note 53)	151.6	336.5
Derivatives not designated as hedges	447.3	71.1
Derivatives designated as hedges	306.0	724.0
	4,021.8	**5,266.0**

* The Company is carrying an allowance of ₹ 500.0 Million (March 31, 2021 : ₹ 500 Million) against Other receivables based on assessment regarding its future recoverability.

NOTE : 19 OTHER ASSETS (CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Export incentives receivable	647.5	1,645.1
Prepaid expenses	1,374.7	1,533.3
Advances for supply of goods and services		
Considered good	2,123.9	3,121.0
Considered doubtful	718.2	693.7
Less : Allowance for doubtful	(718.2)	(693.7)
	2,123.9	3,121.0
Balances with government authorities *	4,897.1	4,116.6
Other assets #	112.5	141.3
	9,155.7	**10,557.3**

* includes balances of goods and service tax

includes government grant from Biotechnology Industry Research Assistance Council (BIRAC).

NOTE : 20 EQUITY SHARE CAPITAL

	As at March 31, 2022		As at March 31, 2021	
	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
		6,000.0		**6,000.0**
Issued, subscribed and fully paid up				
Equity Shares of ₹ 1 each	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**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of reporting period				
Opening balance	2,399,334,970	2,399.3	2,399,334,970	2,399.3
Closing balance	**2,399,334,970**	**2,399.3**	**2,399,334,970**	**2,399.3**

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:				
Shanghvi Finance Private Limited	967,051,732	40.3	967,051,732	40.3
Dilip Shantilal Shanghvi	230,285,690	9.6	230,285,690	9.6
Life Insurance Corporation Of India and its various funds	139,828,706	5.8	162,207,571	6.8

	As at March 31, 2022			As at March 31, 2021		
	Number of shares	% of holding	% Change during the year	Number of shares	% of holding	% Change during the year
Equity shares held by promoters / members of promoter group / person acting in concert						
Dilip Shantilal Shanghvi	230,285,690	9.6	-	230,285,690	9.6	-
Shanghvi Finance Private Limited	967,051,732	40.3	-	967,051,732	40.3	-
Aditya Medisales Limited	40,153,960	1.7	-	40,153,960	1.7	-
Sudhir V. Valia	14,345,019	0.6	-	14,345,019	0.6	-
Raksha S. Valia	28,830,352	1.2	-	28,830,352	1.2	(0.2)
Vibha D. Shanghvi	8,840,280	0.4	-	8,840,280	0.4	-
Aalok D. Shanghvi	2,877,280	0.1	-	2,877,280	0.1	-
Vidhi D. Shanghvi	2,822,427	0.1	-	2,822,427	0.1	-
Shanghvi Family & Friends Benefit Trust (Kumud S. Shanghvi and Dilip S. Shanghvi are Trustees)	1,276,774	0.1	-	1,276,774	0.1	-
Kumud S. Shanghvi	199,465	0.0	-	199,465	0.0	-
Flamboyawer Finance Private Limited	20,865	0.0	-	20,865	0.0	-
Sanghvi Properties Private Limited	15,479	0.0	-	15,479	0.0	-
Gujarat Sun Pharmaceutical Industries Private Limited	14,362	0.0	-	14,362	0.0	-
Unimed Investments Limited	10,400,850	0.4	-	10,400,850	0.4	-

Footnotes

(i) Nil (upto March 31, 2021: 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.

(ii) 7,500,000 (upto March 31, 2021: 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.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 21 OTHER EQUITY

₹ in Million

	As at March 31, 2022	As at March 31, 2021
A) Reserves and Surplus		
Capital reserve	22,258.5	22,258.5
Securities premium	11,874.1	11,874.1
Amalgamation reserve	43.8	43.8
Capital redemption reserve	7.5	7.5
General reserve	51,435.0	51,435.0
Retained earnings	136,120.8	159,645.5
	221,739.7	**245,264.4**
B) Items of other comprehensive income (OCI)		
Equity instrument through OCI	45.4	(958.1)
Debt instrument through OCI	-	104.4
Foreign currency translation reserve	21,543.5	22,102.8
Effective portion of cash flow hedges	151.6	471.9
	21,740.5	**21,721.0**
	243,480.2	**266,985.4**

Refer statement of changes in equity for detailed movement in above 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.

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

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

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

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

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

Foreign currency translation reserve - Exchange differences relating to the translation of the results and the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e ₹) are

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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.

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

NOTE : 22 BORROWINGS (NON-CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Term loan from department of biotechnology (Refer Note 48)		
Secured	-	54.1
Term loans from banks (Refer Note 48)		
Unsecured	-	1,825.8
Loans from subsidiaries (Unsecured) (Refer Note 48 and 49)	48,656.4	51,120.3
	48,656.4	**53,000.2**

NOTE : 23 OTHER LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Deferred revenue (Refer Note 53)	6,187.5	7,185.5
	6,187.5	**7,185.5**

NOTE : 24 PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Employee benefits	2,081.9	1,946.0
Others (Refer Note 51)	1,894.4	4,289.8
	3,976.3	**6,235.8**

NOTE : 25 BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand		
From Banks		
Unsecured	30.7	2,513.4
Other loans		
Commercial paper (Unsecured)	-	14,006.4
Current maturities of long-term debt (Refer Note 48)	-	1,844.7
	30.7	**18,364.5**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 26 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Interest accrued	-	156.5
Unpaid dividends	100.9	83.5
Security deposits	71.0	85.1
Payables on purchase of property, plant and equipment and Other Intangible assets	3,274.1	1,050.7
Product settlement, claims, recall charges and trade commitments	34,362.6	18,748.2
Payables to employee	2,742.5	2,134.0
Derivatives not designated as hedge	37.8	22.1
Derivatives designated as hedge	89.2	14.7
	40,678.1	**22,294.8**

NOTE : 27 OTHER LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Statutory remittances	2,334.1	2,617.5
Advance from customers (Refer Note 53)	3,480.6	2,071.9
Deferred revenue (Refer Note 53)	1,644.3	1,640.4
Others	4.1	4.1
	7,463.1	**6,333.9**

NOTE : 28 PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Employee benefits	1,401.7	894.5
Others [Refer Note 51 and 54 (2)]	24,223.8	11,152.1
	25,625.5	**12,046.6**

NOTE : 29 REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from contracts with customers (Refer Note 53)	155,185.0	139,884.0
Other operating revenues	674.8	1,276.5
	155,859.8	**141,160.5**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 30 OTHER INCOME

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest income on :		
Bank deposits at amortised cost	2.6	1.5
Loans at amortised cost	224.6	526.2
Investments in debt instruments at fair value through other comprehensive income	37.1	128.9
Other financial assets carried at amortised cost	47.8	49.3
Others [includes interest on income tax refund of ₹ 4,055.8 Million (March 31, 2021 : ₹ 117.9 Million)]	4,078.1	119.9
	4,390.2	**825.8**
Dividend income on investments		
Subsidiary	135.4	383.4
Net gain / (loss) arising on financial assets measured at fair value through profit or loss	0.5	71.7
Net gain on sale of financial assets measured at fair value through profit or loss	65.0	107.3
Net gain / (loss) on sale of financial assets measured at fair value through other comprehensive income	57.7	0.4
Gain on sale of investment in subsidiaries	2,075.7	-
Profit on sale / write off of property, plant and equipment and intangible assets, net	367.1	-
Sundry balances written back, net	48.8	75.6
Gain on derecognition of Right-of-use assets	7.4	103.6
Insurance claims	115.2	72.1
Lease rental and hire charges	49.0	39.7
Settlement income	1,646.8	86.6
Miscellaneous income	620.4	154.5
	9,579.2	**1,920.7**

NOTE : 31 COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Raw materials and packing materials		
Inventories at the beginning of the year	16,213.7	13,131.8
Purchases during the year	43,752.4	43,964.4
Foreign currency translation difference	22.3	(53.4)
Inventories at the end of the year	(14,138.7)	(16,213.7)
	45,849.7	**40,829.1**

NOTE : 32 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the beginning of the year	17,634.6	15,869.1
Foreign currency translation difference	12.2	(30.9)
Inventories at the end of the year	(19,478.6)	(17,634.6)
	(1,831.8)	**(1,796.4)**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 33 EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	18,265.7	16,580.3
Contribution to provident and other funds *	1,221.8	1,131.1
Staff welfare expenses	520.3	348.4
	20,007.8	**18,059.8**

* includes gratuity expense of ₹ 338.5 Million (March 31, 2021 : ₹ 316.2 Million)

NOTE : 34 FINANCE COSTS

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense for financial liabilities carried at amortised cost	3,409.7	2,866.2
Interest expense others	439.4	209.1
Exchange differences regarded as an adjustment to borrowing costs	31.9	(400.1)
	3,881.0	**2,675.2**

NOTE : 35 OTHER EXPENSES

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Consumption of materials, stores and spare parts	5,431.5	3,966.6
Conversion and other manufacturing charges	2,752.3	2,258.4
Power and fuel	4,223.3	3,841.6
Rent	39.5	38.5
Rates and taxes	2,311.9	2,005.5
Insurance	802.3	765.2
Selling, promotion and distribution	17,179.0	14,721.9
Commission on sales	232.5	466.0
Repairs and maintenance	2,459.4	2,396.2
Printing and stationery	194.0	204.4
Travelling and conveyance	1,032.7	757.6
Freight outward and handling charges	3,142.5	2,990.1
Communication	261.0	263.2
Provision / write off / (reversal) for doubtful trade receivables / advances	263.2	244.4
Professional, legal and consultancy	9,787.4	10,841.5
Donations	158.4	152.6
Loss on sale / write off of property, plant and equipment and intangible assets, net	-	99.7
Payments to auditor (net of input credit, wherever applicable)		
For audit	29.6	29.0
For other services	13.2	12.5
Reimbursement of expenses	0.7	0.8
Impairment of property, plant and equipment, other intangible assets and intangible assets under development	67.1	23.1
Miscellaneous expenses	2,281.0	3,239.4
	52,662.5	**49,318.2**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 36 RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE STATEMENT OF PROFIT AND LOSS

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	3,618.5	3,391.4
Contribution to provident and other funds	230.6	240.9
Staff welfare expenses	18.9	11.7
Consumption of materials, stores and spare parts	4,124.0	2,531.5
Power and fuel	319.1	281.0
Rent	20.6	1.1
Rates and taxes	769.2	540.7
Insurance	73.3	52.6
Repairs and maintenance	429.9	423.4
Printing and stationery	11.0	8.3
Travelling and conveyance	42.3	30.5
Communication	27.2	22.5
Professional, legal and consultancy	5,931.0	7,230.7
Miscellaneous expenses	489.2	374.7
	16,104.8	**15,141.0**
Less :		
Receipts from research activities	533.4	607.8
Miscellaneous income	41.7	13.8
	15,529.7	**14,519.4**

NOTE : 37 TAX RECONCILIATION

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Reconciliation of tax expense		
Profit before tax	3,068.6	8,555.7
Income tax rate (%) applicable to the Company #	34.944%	34.944%
Income tax calculated at income tax rate	1,072.3	2,989.7
Effect of expenses that are not deductible	972.7	35.3
Withholding tax in respect of income earned outside India	192.3	99.9
Effect of unused tax losses and tax offsets not recognised as deferred tax assets (including impact of merger)	(455.3)	(269.9)
Effect of reversal of Minimum Alternate Tax (MAT) credit entitlement	4,406.0	371.8
Others	(2,119.5)	(3,095.1)
Income tax expense recognised in statement of profit and loss	4,068.5	131.7

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (March 31, 2021 : 34.944%) at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

Pursuant to the Scheme of Amalgamation and Merger of Sun Pharma Global FZE, with the Company, as approved by the National Company Law Tribunal on August 31, 2021, Sun Pharma Global FZE, merged with the Company w.e.f. January 01, 2020. The cumulative tax impact of this merger has been given in the standalone financial statements for the year ended March 31, 2022. The Company has not created a deferred tax asset on the losses of the merged entity.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 38 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

		As at March 31, 2022	As at March 31, 2021
i	**Contingent liabilities**		
a	Claims against the Company not acknowledged as debts	567.6	556.5
b	Liabilities disputed - appeals filed with respect to :		
	Income tax on account of disallowances / additions (Company appeals) *	4,125.5	24,277.6
	Sales tax on account of rebate / classification	119.9	148.4
	Goods and service tax / Excise duty / service tax on account of valuation / cenvat credit	301.4	391.4
	ESIC contribution on account of applicability	130.5	130.5
c	Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit enjoyed by the Company	3,474.2	3,488.2
d	Other matters - state electricity board, Punjab Land Preservation Act related matters etc.	90.6	90.2
	Note : includes interest till the date of demand, wherever applicable		
e	**Legal proceedings**		

The Company and/or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, antitrust and other legal and regulatory matters relating to the 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 do not 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 or settled by the Company, may result in significant impact on its results of operations.

Antitrust – Lipitor:

The Company and certain of its subsidiaries are defendants in a number of putative class action lawsuits and individual actions brought by purchasers and payors in the U.S. alleging that the Company and certain of its subsidiaries violated antitrust laws in connection with a 2008 patent settlement agreement with Pfizer concerning Atorvastatin. The cases have been transferred to the U.S. District Court for the District of New Jersey for coordinated proceedings. Discovery commenced in January 2020, but was stayed in March 2020 pending mediation. Pursuant to the mediator's order of June 03, 2021, briefing on certain issues was completed by March 2022, and argument on these issues will likely occur in subsequent months.

Product Liability – Ranitidine/Zantac MDL:

In June 2020, the Company and certain of its subsidiaries were named as defendants in a complaint filed in the Zantac/Ranitidine Multi-District Litigation ("MDL") consolidated in the U.S. District Court for the Southern District of Florida. The lawsuits name over 100 defendants, including brand manufacturers, generic manufacturers, repackagers, distributors, and retailers, involving allegations of injury caused by nitrosamine impurities. Discovery in the MDL is ongoing. On July 8, 2021, the District Court granted the generic Defendants' motion to dismiss, the effect of which was to dismiss the Company and its affiliates with prejudice. That decision is up on appeal. In addition to the federal court proceedings, two of the Company's affiliates also have been named as defendants in state court actions pending in Illinois, Pennsylvania, New York, and California. Finally, certain of the Company's subsidiaries are named in three putative class actions pending in three Canadian provinces. The action pending in British Columbia is taking the lead and is in the class certification stage.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

		As at March 31, 2022	As at March 31, 2021
	Fine imposed for anti-competitive settlement agreement by European Commission: On March 25, 2021, the Court of Justice of the European Union ("CJEU") issued a final judgment and upheld the European Commission's ("EC") decision dated June 19, 2013 that a settlement agreement between Ranbaxy (U.K.) Limited and Ranbaxy Laboratories Limited (together "Ranbaxy") with Lundbeck was anti-competitive. Ranbaxy had made a provisional payment of the fine of Euro 10.3 Million on September 20, 2013. Since there are no further rights of appeal, this amount of ₹ 895.6 Million (inclusive of legal charges) was provided in the standalone financial statements for the year ended March 31, 2021.		
	The Company may now be subject to "follow-on" claims in national courts of some countries. However, the Company has not yet been served with a claim detailing the alleged causation and quantum of any purported damages. Accordingly, the Company is currently unable to estimate the potential liability which may arise on account of follow-on claims. The Company also believes, based on its internal assessment and that of its independent legal counsel, that it has favourable legal arguments in terms of defending any potential damages claim.		
	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 ₹ 22,253.0 Million (March 31, 2021: ₹ 21,808.4 Million). These matters are sub-judice in various forums and pertains to various financial years.		
ii	**Commitments**		
a	Estimated amount of contracts remaining to be executed on capital account [net of advances] *	27,187.1	22,733.2
b	Uncalled liability on partly paid investments	0.5	0.5
c	Letters of credit for imports	325.5	513.3
	* The Company 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.		
iii	**Guarantees given by the bankers on behalf of the Company**	1,181.5	1,233.8

NOTE : 39 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue, net (excluding depreciation) (Refer Note 36)	15,529.7	14,519.4
Capital	787.0	383.8
Total	**16,316.7**	**14,903.2**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 40 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2022		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments	-	148.7	-
Equity instruments / mutual fund - unquoted	1,935.9	-	-
Loans to subsidiaries	-	-	36,559.7
Loans to employees / others	-	-	97.6
Security deposits	-	-	515.7
Unbilled revenue	-	-	345.3
Trade receivables	-	-	42,451.6
Cash and cash equivalents	-	-	4,195.3
Bank balances other than cash and cash equivalents	-	-	1,154.3
Interest accrued	-	-	119.6
Refund due from government authorities	-	-	1,318.0
Other receivables	-	-	1,621.2
Derivatives designated as hedges	-	306.0	-
Derivatives not designated as hedges	447.3	-	-
	2,383.2	**454.7**	**88,378.3**
Financial liabilities			
Borrowings	-	-	48,687.1
Trade payables	-	-	27,104.4
Payables to employee	-	-	2,742.5
Unpaid dividends	-	-	100.9
Security deposits	-	-	71.0
Payables on purchase of property, plant and equipment and other intangible assets	-	-	3,274.1
Product settlement, claims, recall charges and trade commitments	-	-	34,362.6
Lease liabilities	-	-	2,053.3
Derivatives designated as hedges	-	89.2	-
Derivatives not designated as hedges	37.8	-	-
	37.8	**89.2**	**118,395.9**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

	As at March 31, 2021		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments / securities - quoted	-	4,153.2	-
Equity instruments / mutual fund - unquoted	315.5	-	-
Loans to subsidiaries	-	-	15,834.8
Loans to employees / others	-	-	164.0
Security deposits	-	-	492.6
Unbilled revenue	-	-	642.0
Trade receivables	-	-	65,852.4
Cash and cash equivalents	-	-	3,510.6
Bank balances other than cash and cash equivalents	-	-	99.2
Interest accrued	-	-	53.6
Refund due from government authorities	-	-	2,651.7
Other receivables	-	-	1,382.0
Derivatives designated as hedges	-	724.0	-
Derivatives not designated as hedges	71.1	-	-
	386.6	**4,877.2**	**90,682.9**
Financial liabilities			
Borrowings	-	-	71,364.7
Interest accrued	-	-	156.5
Trade payables	-	-	40,285.4
Payables to employee	-	-	2,134.0
Unpaid dividends	-	-	83.5
Security deposits	-	-	85.1
Payables on purchase of property, plant and equipment and other intangible assets	-	-	1,050.7
Product settlement, claims, recall charges and trade commitments	-	-	18,748.2
Lease liabilities	-	-	2,216.5
Derivative designated as hedge	-	14.7	-
Derivatives not designated as hedges	22.1	-	-
	22.1	**14.7**	**136,124.6**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 41 FAIR VALUE HIERARCHY

₹ in Million

	As at March 31, 2022		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	148.7	-	-
Investments in equity - unquoted	-	-	5.5
Mutual funds	1,930.4	-	-
Derivatives not designated as hedges	-	447.3	-
Derivatives designated as hedges	-	306.0	-
	2,079.1	**753.3**	**5.5**
Financial liabilities			
Derivatives not designated as hedges	-	37.8	-
Derivatives designated as hedges	-	89.2	-
	-	**127.0**	-

₹ in Million

	As at March 31, 2021		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	1,502.4	-	-
Investments in equity - unquoted	-	-	5.5
Investments in securities	2,650.8	-	-
Mutual funds	310.0	-	-
Derivatives not designated as hedges	-	71.1	-
Derivatives designated as hedges	-	724.0	-
	4,463.2	**795.1**	**5.5**
Financial liabilities			
Derivatives not designated as hedges	-	22.1	-
Derivatives designated as hedges	-	14.7	-
	-	**36.8**	-

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.

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

These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments at fair value through other comprehensive income.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Reconciliation of Level 3 fair value measurements

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Unlisted shares valued at fair value		
Balance at the beginning of the year	5.5	3.8
Purchases	-	1.7
Balance at the end of the year	**5.5**	**5.5**

NOTE : 42 CAPITAL MANAGEMENT

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

The Company monitors capital on the basis of the carrying amount of debt as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) Debt equity ratio

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Debt (includes borrowings and lease liabilities)	50,740.4	73,581.2
Total equity, including reserves	245,879.5	269,384.7
Net debt to total equity ratio	**0.21**	**0.27**

(ii) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Dividend on equity shares		
Final dividend for the year ended March 31, 2021 of ₹ 2 (year ended March 31, 2020 : ₹ 1) per fully paid share	4,798.6	2,399.3
Interim dividend for the year ended March 31, 2022 of ₹ 7 (year ended March 31, 2021 : ₹ 5.5) per fully paid share	16,790.5	13,191.3
Dividends not recognised at the end of the reporting period		
The Board of Directors at it's meeting held on May 30, 2022 have recommended payment of final dividend of ₹ 3 per share of face value of ₹ 1 each for the year ended March 31, 2022. The same amounts to ₹ 7,197.9 Million.		
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

NOTE : 43 FINANCIAL RISK MANAGEMENT

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

Credit risk

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Investments

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

Trade receivables

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

Financial assets for which loss allowances is measured using the expected credit loss

₹ in Million

		Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Trade receivables ageing								
(i)	Undisputed Trade receivables – considered good	20,864.6	15,940.1	2,887.4	629.5	208.5	1,917.7	42,447.8
(ii)	Undisputed Trade Receivables – credit impaired	-	-	62.5	50.1	20.2	1,182.2	1,315.0
(iii)	Disputed Trade Receivables– considered good	-	-	-	-	3.7	-	3.7
(iv)	Disputed Trade Receivables – credit impaired	-	-	-	-	17.8	9.0	26.8
		20,864.6	**15,940.1**	**2,949.9**	**679.6**	**250.2**	**3,108.9**	**43,793.3**

₹ in Million

		Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Trade receivables ageing								
(i)	Undisputed Trade receivables – considered good	25,326.9	17,725.3	4,152.3	1,198.5	287.6	17,157.4	65,848.0
(ii)	Undisputed Trade Receivables – credit impaired	-	-	0.3	17.2	33.3	1,173.7	1,224.5
(iii)	Disputed Trade Receivables– considered good	-	-	-	3.7	0.9	-	4.6
(iv)	Disputed Trade Receivables – credit impaired	-	-	-	17.8	-	9.0	26.8
		25,326.9	**17,725.3**	**4,152.6**	**1,237.2**	**321.8**	**18,340.1**	**67,103.9**

Footnote

Unbilled revenue as at March 31, 2022 is ₹ 345.3 Million (March 31, 2021 : ₹ 642.0 Million)

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	1,251.5	1,300.1
Addition	200.4	136.7
Recoveries	(110.2)	(185.3)
Balance at the end of the year	**1,341.7**	**1,251.5**

Other than trade receivables, the Company has recognised an allowance of ₹ 15.3 Million (March 31, 2021 : ₹ 15.3 Million) against past due loans including interest and ₹ 500.0 Million (March 31, 2021 : ₹ 500.0 Million) of other receivables based on assessment regarding its future recoverability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Liquidity risk

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

The Company has unutilised working capital lines from banks of ₹ 36,030.0 Million as on March 31, 2022 (March 31, 2021 : ₹ 36,486.6 Million).

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

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2022
Non derivative				
Borrowings	30.7	-	48,656.4	48,687.1
Trade payables	27,104.4	-	-	27,104.4
Lease liabilities	156.5	246.2	1,650.6	2,053.3
Other financial liabilities	40,551.1	-	-	40,551.1
	67,842.7	**246.2**	**50,307.0**	**118,395.9**
Derivative	127.0	-	-	127.0
	127.0	-	-	**127.0**

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2021
Non derivative				
Borrowings	18,663.8	8,564.9	44,438.1	71,666.8
Trade payables	40,285.4	-	-	40,285.4
Lease liabilities	188.1	269.3	1,759.1	2,216.5
Other financial liabilities	22,258.0	-	-	22,258.0
	81,395.3	**8,834.2**	**46,197.2**	**136,426.7**
Derivative	36.8	-	-	36.8
	36.8	-	-	**36.8**

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 Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign exchange risk

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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

₹ in Million

	As at March 31, 2022					
	US Dollar	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	22,552.9	2,273.7	3,959.3	1,625.1	6,974.3	37,385.3
Cash and cash equivalents	1,956.9	1,319.4	117.3	-	17.2	3,410.8
Loans to subsidiaries	35,999.1	-	-	-	-	35,999.1
Interest accrued	82.4	-	-	-	-	82.4
Other receivables - from related party	-	-	-	-	445.9	445.9
	60,591.3	**3,593.1**	**4,076.6**	**1,625.1**	**7,437.4**	**77,323.5**
Financial liabilities						
Trade payables	9,978.3	637.7	2.2	174.3	445.9	11,238.4
Payables on purchase of property, plant and equipment and other intangible assets	2,766.6	-	-	-	-	2,766.6
Product settlement, claims, recall charges and trade commitments	33,493.1	869.5	-	-	-	34,362.6
Provisions [Refer Note 54(2)]	15,917.5	-	-	-	-	15,917.5
	62,155.5	**1,507.2**	**2.2**	**174.3**	**445.9**	**64,285.1**

₹ in Million

	As at March 31, 2021					
	US Dollar	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	43,345.5	2,851.1	3,627.3	2,894.6	6,441.4	59,159.9
Cash and cash equivalents	1,415.1	980.0	31.9	-	601.2	3,028.2
Loans to subsidiaries	7,399.2	-	-	-	-	7,399.2
Other receivables	217.7	-	-	-	-	217.7
	52,377.5	**3,831.1**	**3,659.2**	**2,894.6**	**7,042.6**	**69,805.0**
Financial liabilities						
Borrowings	3,657.4	-	-	-	-	3,657.4
Loans from subsidiaries	-	6,693.0	-	-	-	6,693.0
Trade payables	11,670.3	1,324.7	1.6	164.9	1,329.0	14,490.5
Product settlement, claims, recall charges and trade commitments	17,861.2	887.0	-	-	-	18,748.2
	33,188.9	**8,904.7**	**1.6**	**164.9**	**1,329.0**	**43,589.1**

b) Sensitivity

For the years ended March 31, 2022 and March 31, 2021, every 5% strengthening of the Indian rupee against foreign currencies for the above mentioned financial assets/liabilities would (decrease) / increase the Company's profit and (decrease) / increase the Company's equity by approximately ₹ (651.9) Million and ₹ (1,310.8) Million respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

c) Derivative contracts

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

Hedges of highly probable forecasted transactions

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

In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded a net loss of ₹ 492.4 Million for the year ended March 31, 2022 and net gain of ₹ 1,112.4 Million for the year ended March 31, 2021 in other comprehensive income. The Company also recorded hedges as a component of revenue, gain of ₹ 1,128.3 Million for the year ended March 31, 2022 and gain of ₹ 108.6 Million for the year ended March 31, 2021 on occurrence of forecasted sale transaction.

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

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, 2022	As at March 31, 2021
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	INR	ZAR 360.0	ZAR 300.0
Forward contracts	USD	Sell	INR	$ 501.2	$ 430.6
Forward contracts	USD	Buy	JPY	-	$ 7.6
Derivatives not designated as hedges					
Forward contracts	USD	Sell	INR	$ 75.0	-
Forward contracts	RUB	Buy	USD	$ 6.0	-
Forward contracts	GBP	Sell	USD	$ 10.9	$ 16.5
Forward contracts	EUR	Sell	USD	$ 19.8	$ 24.1
Currency swaps	USD	Sell	INR	$ 400.0	$ 96.2
Interest rate swaps (floating to fixed)	USD			-	$ 50.0

Interest rate risk

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

As at March 31, 2022 and March 31, 2021, the Company has loan facilities which are either on fixed interest rates or are managed by interest rate swaps, hence the Company is not exposed to interest rate risk.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2022, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE : 44 TRADE PAYABLES

a) Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

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

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,052.8	852.0

There are no amounts of interest paid / due / payable during the year / previous year / succeeding year. Also, there is no amount of interest accrued and remaining unpaid at the end of current accounting year / previous accounting year.

b) Trade payables ageing

₹ in Million

	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Outstanding dues of micro and small enterprises	954.1	-	-	-	-	954.1
Outstanding dues of other than micro and small enterprises	15,649.1	4,068.3	1,272.0	240.6	* 4,819.0	26,049.0
Disputed dues of micro and small enterprises	-	88.9	6.7	2.1	1.0	98.7
Disputed dues of other than micro and small enterprises	-	-	-	-	2.6	2.6
	16,603.2	**4,157.2**	**1,278.7**	**242.7**	**4,822.6**	**27,104.4**

* Includes trade payable to subsidiaries of ₹ 4,572.0 Million.

₹ in Million

	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Outstanding dues of micro and small enterprises	698.1	-	-	-	-	698.1
Outstanding dues of other than micro and small enterprises	12,998.5	18,813.7	2,704.0	713.9	* 4,160.2	39,390.3
Disputed dues of micro and small enterprises	-	127.7	17.8	5.0	3.4	153.9
Disputed dues of other than micro and small enterprises	-	-	10.0	26.1	7.0	43.1
	13,696.6	**18,941.4**	**2,731.8**	**745.0**	**4,170.6**	**40,285.4**

* Includes trade payable to subsidiaries of ₹ 3,939.8 Million.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 45 EARNINGS PER SHARE

	Year ended March 31, 2022	Year ended March 31, 2021
Profit / (loss) for the year (₹ in Million) - used as numerator for calculating earnings per share	(999.9)	8,424.0
Weighted average number of shares used in computing basic earnings per share	2,399,334,970	2,399,334,970
Face value per share (in ₹)	1	1
Basic earnings per share (in ₹)	(0.4)	3.5
Diluted earnings per share (in ₹)	(0.4)	3.5

NOTE : 46 EMPLOYEE BENEFITS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Scheme (ESIC) and other Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other Statutory Funds are made only by the Company. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 872.1 Million (March 31, 2021 : ₹ 801.6 Million).

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Contribution to Provident Fund and Family Pension Fund	762.4	708.1
Contribution to Superannuation Fund	69.8	65.3
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	38.8	27.4
Contribution to Labour Welfare Fund	1.1	0.8

Defined benefit plan

a) Gratuity

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

b) Pension fund

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

c) COVID-19 Employee children education support

The Company has undertaken an obligation to provide financial support towards education expenses of the children of those employees who have unfortunately lost their lives due to the COVID-19 pandemic.

Risks

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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

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

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

Other long term benefit plan

Actuarial Valuation for compensated absences is done as at the year end and the provision is made as per Company policy with corresponding charge to the statement of profit and loss amounting to ₹ 539.5 Million [March 31, 2021 : ₹ 423.0 Million] and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

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

₹ in Million

	Year ended March 31, 2022			Year ended March 31, 2021	
	COVID-19 Education (Unfunded)	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Expense recognised in the statement of profit and loss (Refer Note 33)					
Current service cost	72.7	-	324.1	-	296.9
Interest cost	-	70.1	207.5	65.6	191.6
Expected return on plan assets	-	-	(193.1)	-	(172.3)
Expense charged to the statement of profit and loss	**72.7**	**70.1**	**338.5**	**65.6**	**316.2**
Remeasurement of defined benefit obligation recognised in other comprehensive income					
Actuarial loss / (gain) on defined benefit obligation	-	(23.4)	284.5	74.2	19.8
Actuarial gain on plan assets	-	-	(37.7)	-	17.6
Expense/(income) charged to other comprehensive income	**-**	**(23.4)**	**246.8**	**74.2**	**37.4**
Reconciliation of defined benefit obligations					
Obligation as at the beginning of the year	-	1,087.6	3,330.8	1,009.7	2,949.6
Current service cost	72.7	-	324.1	-	296.9
Interest cost	-	70.1	207.5	65.6	191.6
Obligations transferred	-	-	(10.2)	-	-
Benefits paid	-	(62.1)	(201.4)	(61.9)	(127.1)
Actuarial (gains)/losses on obligations					
- due to change in financial assumptions	-	(40.4)	104.0	5.4	(42.2)
- due to experience	-	17.0	180.5	68.8	62.0
Obligation as at the year end	**72.7**	**1,072.2**	**3,935.3**	**1,087.6**	**3,330.8**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

	As at March 31, 2022 Gratuity (Funded)	As at March 31, 2021 Gratuity (Funded)
Reconciliation of liability recognised in the financial statement		
Present value of commitments (as per Actuarial Valuation)	3,935.3	3,330.8
Fair value of plan assets	(3,358.6)	(3,091.7)
Net liability recognised in the financial statement	**576.7**	**239.1**

₹ in Million

	As at March 31, 2022 Gratuity (Funded)	As at March 31, 2021 Gratuity (Funded)
Reconciliation of plan assets		
Plan assets as at the beginning of the year	3,091.7	2,653.2
Expected return	193.1	172.3
Plan assets transferred	(10.7)	-
Actuarial gain	37.7	(17.6)
Employer's contribution during the year	248.2	410.9
Benefits paid	(201.4)	(127.1)
Plan assets as at the year end	**3,358.6**	**3,091.7**

	As at March 31, 2022			As at March 31, 2021	
	COVID-19 Education (Unfunded)	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Assumptions :					
Discount rate	6.85%	6.90%	6.75%	6.45%	6.25%
Expected return on plan assets	N.A.	N.A.	6.75%	N.A.	6.25%
Expected rate of salary increase	N.A.	N.A.	10.00%	N.A.	9.00%
Interest rate guarantee	N.A.	N.A.	N.A.	N.A.	N.A.
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Employee turnover	N.A.	N.A.	12.40% - 13.45%	N.A.	12.40% - 13.45%
Retirement Age (years)	N.A.	N.A.	60	N.A.	60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

	As at March 31, 2022			As at March 31, 2021	
	COVID-19 Education (Unfunded)	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity analysis:					
The sensitivity analysis have been determined based on method that extrapolates the impact on defined benefit obligation as a reasonable change in key assumptions occuring at the end of the reporting period					
Impact on defined benefit obligation					
Delta effect of +1% change in discount rate	(5.0)	(70.7)	(213.3)	(89.5)	(180.1)
Delta effect of -1% change in discount rate	5.6	76.4	238.0	100.7	200.9
Delta effect of +1% change in salary escalation rate	-	-	228.4	-	194.3
Delta effect of -1% change in salary escalation rate	-	-	(209.1)	-	(178.0)
Delta effect of +1% change in rate of employee turnover	-	-	(36.0)	-	(26.6)
Delta effect of -1% change in rate of employee turnover	-	-	39.6	-	29.2
Maturity analysis of projected benefit obligation for next					
1st year	4.1	154.2	747.3	93.6	633.6
2nd year	5.1	96.2	526.9	92.5	414.4
3rd year	4.3	94.8	511.2	91.5	425.2
4th year	5.3	93.1	455.8	90.4	407.5
5th year	6.6	91.3	425.3	89.5	355.6
Thereafter	95.9	1,760.0	3,615.4	2,187.1	2,853.8
The major categories of plan assets are as under					
Central government securities	-	-	12.3	-	11.3
Bonds and securities	-	-	83.8	-	77.1
Insurer managed funds (Funded with LIC, break-up not available)	-	-	2,078.8	-	1,913.7
Surplus fund lying uninvested	-	-	1,183.7	-	1,089.6
The contribution expected to be made by the Company for gratuity, during financial year ending March 31, 2023 is ₹ 902.0 Million (March 31, 2022 : ₹ 521.6 Million)					

NOTE : 47 LEASES

a) 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 exercised judgement in determining whether extension and termination options are reasonably certain to be exercised. Expenses relating to short-term leases and low-value assets for year ended March 31, 2022 is ₹ 23.1 Million (March 31, 2021 : ₹ 20.1 Million).

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Lease liabilities - Maturity analysis - contractual undiscounted cashflows		
Not later than one year	323.8	367.2
Later than one year and not later than five years	1,038.2	1,096.1
Later than five years	2,908.2	3,147.3
	4,270.2	**4,610.6**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Movement of lease liabilities		
Opening balance	2,216.5	2,211.8
Addition	39.8	261.8
Interest on lease liabilities	180.4	193.9
Deletion	(13.6)	(59.3)
Effect of changes in foreign exchange rates	0.5	0.2
Payment towards lease liabilities	(370.3)	(391.9)
Closing balance	**2,053.3**	**2,216.5**

b) The Company has given certain premises under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 4 years under leave and license/lease and are renewable by mutual consent on mutually agreeable terms. The Company has received refundable interest free security deposits where applicable in accordance with the agreed terms.

NOTE : 48 BORROWINGS

Details of long term borrowings and current maturities of long term debt (included under short term borrowings)

(I) Unsecured External Commercial Borrowings (ECBs) has USD Nil loan (March 31, 2021 : USD 50 Million) equivalent to ₹ Nil (March 31, 2021 : ₹ 3,657.4 Million). For the ECB loans, the terms of repayment for borrowings are as follows:

(a) USD Nil (March 31, 2021 : USD 50 Million) equivalent to ₹ Nil (March 31, 2021 : ₹ 3,657.4 Million). The loan was taken on October 03, 2018 and was repayable in 2 equal installments of USD 25 Million each. The loan has been repaid during current year. The unsecured ECBs was availed at floating rate linked to Libor (0.66% as at March 31, 2021).

(II) Secured term loan from department of biotechnology of ₹ Nil (March 31, 2021 : ₹ 75.7 Million) was secured by hypothecation of movable assets of the Company. The loan has been repaid during current year.

(III) Unsecured loan from related party of ₹ 48,656.4 Million (March 31, 2021 : ₹ 44,427.3 Million). The loan is taken on March 31, 2021 and is repayable by March 31, 2026. The loan has been availed at 6.50%.

(IV) Unsecured loan from related party of USD Nil (March 31, 2021 : USD 91.5 Million) equivalent to ₹ Nil (March 31, 2021 : ₹ 6,693 Million). The loan has been repaid during current year.

The Company has not defaulted on repayment of loan and interest payment thereon during the year.

NOTE : 49 RELATED PARTY DISCLOSURES (IND AS 24) AS PER ANNEXURE "A"

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 50 LOANS / ADVANCES GIVEN TO SUBSIDIARIES AND ASSOCIATES

₹ in Million

	As at March 31, 2022	Maximum balance March 31, 2022	As at March 31, 2021	Maximum balance March 31, 2021
Loans / advances outstanding from subsidiaries				
Sun Pharmaceutical Medicare Limited, India	-	-	-	5,345.2
Zenotech Laboratories Limited, India	60.0	206.6	206.6	206.6
Skisen Labs Private Limited, India	-	-	-	0.2
Softdeal Trading Company Private Limited, India	-	-	-	10.1
Realstone Infra Limited, India	500.6	500.6	500.6	500.7
Sun Pharma Distributors Limited, India	-	-	-	178.0
Sun Pharmaceutical Inc. USA	30,315.0	30,315.0	7,313.8	7,313.8
Sun Pharma (Netherlands) B.V.	5,684.1	5,684.1	-	-
Ranbaxy (Thailand) Co Ltd	-	-	-	267.2
Sun Pharma East Africa Ltd	-	-	-	38.5
OOO Sun Pharmaceutical Industries	-	-	-	126.9
Sun Pharmaceuticals Korea Lrd	-	-	-	2.2
Sun Pharma Holding	-	-	-	926.1
Sun Pharmaceutical Industries (Australia) Pty Ltd	-	-	-	4,052.8
Sun Pharmaceuticals Ind. S.A.C.	-	131.0	129.5	131.4
Sun Pharmaceutical Peru SA	-	168.7	166.8	169.2
Sun Pharma Phillipines Inc.	-	501.2	495.4	510.2
Sun Laboratories FZE	-	7,104.0	7,022.1	22,570.5

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

NOTE : 51

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

₹ in Million

	Year ended March 31, 2022*	Year ended March 31, 2021*
At the commencement of the year	15,441.9	22,335.8
Add: Provision for the year	17,448.5	1,706.8
Less: Utilisation / settlement / reversal	(6,772.2)	(8,600.7)
At the end of the year [Also Refer Note 54(2)]	**26,118.2**	**15,441.9**

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

NOTE : 52 USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company’s financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

a) Litigations [Refer Note 2 (2.2) (m) and Note 38]

b) Revenue [Refer Note 2(2.2)(n)]

c) Impairment of goodwill and intangible assets [Refer Note 2(2.2) (g)]

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 53 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company has recorded an additional amount of ₹ 667.4 Million (March 31, 2021 : ₹ 1,520.1 Million) as deferred revenue pursuant to the requirements of Ind AS 115. Revenue of ₹ 1,661.5 Million (March 31,2021 : ₹ 1,740.5 Million) has been recognised as Revenue from contract with customer pursuant to completion of performance obligation in respect of the above contracts.

The reconciling items of revenue recognised in the statement of profit and loss with the contracted price are as follows:

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue as per contracted price, net of returns	156,473.1	157,942.5
Add / (Less) :		
Provision for sales return	176.1	(857.5)
Rebates, discounts and price reduction	(1,464.2)	(17,201.0)
	(1,288.1)	**(18,058.5)**
Revenue from contract with customers	**155,185.0**	**139,884.0**

₹ in Million

	Year ended March 31, 2022	Year ended March 31, 2021
Contract balances		
Trade receivables	42,451.6	65,852.4
Contract assets	345.3	642.0
Contract liabilities	11,312.4	10,897.8

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

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

2 Exceptional items includes

a) On March 25, 2021 the CJEU (Court of Justice to the European Union) issued a final judgment and upheld the European Commission's ("EC") decision dated June 19, 2013 that a settlement agreement between Ranbaxy (U.K.) Limited and Ranbaxy Laboratories Limited (together "Ranbaxy") with Lundbeck was anti-competitive. Ranbaxy had made a provisional payment of the fine of Euros 10.3 Million on September 20, 2013. Since there were no further rights of appeal, this amount of ₹ 895.6 Million (inclusive of legal charges) was debited to the standalone financial statement for the year ended March 31, 2021.

b) Standalone financial statements for the year ended March 31, 2022 include a charge of ₹ 1,655.7 Million towards impairment of an acquired intangible asset under development.

c) The Company and certain of its subsidiaries are defendants in a number of class action lawsuits brought by purchasers and payors in the U.S. alleging violation of antitrust laws with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases were transferred to the U.S. District Court for the District of Massachusetts for coordinated

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

proceedings. With a view to resolve the dispute and avoid uncertainty, a settlement without any admission of guilt or violation of any statute, law, rule or regulation, or of any liability or wrongdoing was reached with all of the plaintiff classes on March 23, 2022, for a total settlement amount of USD 485 Million of which USD 210 Million was borne by the Company along with its related legal charges of USD 8.3 Million pertaning to this lawsuit (equivalent to ₹ 16,549.6 Million inclusive of legal charges). The settlement is subject to final approval by the Court.

d) Consequent to the settlement of lawsuit mentioned in "c" above, during the year ended March 31, 2022, the Company has reassessed the expected timing of utilisation of Minimum Alternate Tax (MAT) credit and based on this reassessment written off a MAT credit of ₹ 4,406.0 Million and disclosed the charge as an exceptional item.

3 Since the USFDA 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 USFDA with the help of third party consultant. The Company had completed all the action items to address the USFDA warning letter observations issued in May 2014. The Company is awaiting a re-inspection of the facility by the USFDA to resolve the import alert. The contribution of this facility to Company's revenues was negligible.

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

5 The December 2019 USFDA inspection of Halol facility was classified as Official Action Indicated (OAI). The Company was in continuous communication with the USFDA to resolve the outstanding issues and was awaiting a re-inspection by USFDA to resolve the OAI status. However, due to the COVID-19 pandemic and travel restrictions, the re-inspection was delayed. In April-May 2022, the USFDA inspected the Halol facility and issued Form-483 with 10 observations. The Company will be submitting a comprehensive response, including the corrective actions to be undertaken for addressing the observations, within the stipulated time to the USFDA.

6 In September 2013, the USFDA had put the Mohali facility under import alert and it 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 parent company 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 and has completed the 5-year post certification provisions 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.

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

8 During the year, the Company has acquired additional 11.28 % stake in Zenotech Laboratories Limited (Zenotech), a subsidiary of the Company, from Daiichi Sankyo Company Ltd. for a total consideration of ₹ 53.23 Million pursuant to a share purchase agreement. Post this acquisition, the Company's shareholding in Zenotech has increased from 57.56 % to 68.84 %.

9 The date of implementation of the Code on Wages 2019 and the Code on Social Security, 2020 is yet to be notified by the Government. The Company will assess the impact of these Codes and give effect in the standalone financial statements when the Rules/Schemes thereunder are notified.

10 Corporate social responsibility (CSR)
As per section 135 of the Companies Act, 2013, the Company is required to spend at least 2% of its average net profits for the immediately preceding three financial years on corporate social responsibility activities. The CSR

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Committee of the Company monitors the CSR activities and the projects are undertaken in pursuance of the Company's CSR Policy and the Annual Action Plan. Company's Annual Action Plan for the financial year 2021-22 covered CSR activities in the areas - Healthcare; Education; Environment Conservation; Drinking Water Project; Disaster Relief & COVID-19 and Rural Development Programme.

₹ in Million

		As at March 31, 2022	As at March 31, 2021
(a)	Amount required to be spent by the company during the year	317.4	129.8
(b)	Amount of expenditure incurred	198.6	269.5
(c)	Set-off of excess spent of previous years, if any	118.8	-
(d)	Shortfall / (surplus) at the end of the year	-	(139.7)
(e)	Total of previous years shortfall	-	-
(f)	Reason for shortfall	NA	NA
(g)	Details of related party transactions (as per Ind AS 24) #	100.0	100.0
(h)	where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-

Represents contribution to Shantilal Shanghvi Foundation.

Amount carried forward for set off in subsequent years from the excess spend in FY 2020-21 is ₹ 21.2 Million as at March 31, 2022.

11 The Company 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 Company's standalone financial statements as on year ended March 31, 2022.

12 The Scheme of Amalgamation and Merger of Sun Pharma Global FZE ("the Transferor"), with the Company ("the Scheme"), inter-alia envisaged merger of the transferor into the Company. The Scheme was approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench on August 31, 2021 and became effective on October 01, 2021 upon completion of all the formalities.

Consequent to the amalgamation and merger prescribed by the Scheme, all the assets and liabilities of the transferor were transferred to and vested in the Company with effect from January 01, 2020 ("the Appointed Date").

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

Accordingly all the assets, liabilities, and other reserves of the transferor as on January 01, 2020 were transferred to the Company as per the Scheme. As prescribed by the Scheme no consideration was paid as the transferor is a indirect wholly owned subsidiary of the Company. The resultant difference between the book value of assets and liabilities taken-over as on the appointed date on the existing carrying value has been credited to capital reserve amounting to ₹ 273.3 Million. Further, as prescribed in the Scheme approved by the NCLT, the Company has recorded an impact of impairment in relation to the equity shares held by the Company in the subsidiary through which the Company holds equity shares of the Transferor amounting to ₹ 31,590.0 Million which has been debited to capital reserve account. Also, any gain or loss on translation of assets and liabilities to functional currency (i.e. ₹) till the date of order has been credited or debited to foreign currency translation reserve.

13 As part of the ongoing simplification of the group structure in India, the Board of Directors of the Company at its meeting held on May 30, 2022, approved the Scheme of Amalgamation for the merger of Wholly-owned Subsidiaries, Sun Pharmaceutical Medicare Limited, Green Eco Development Centre Limited, Faststone Mercantile Company Private Limited, Realstone Multitrade Private Limited and Skisen Labs Private Limited (collectively "Transferor Companies"), with Sun Pharmaceutical Industries Limited ("Transferee Company") to be effective from such date as may be decided under the authorization by the Board of Directors of the Transferor Companies and the Board of Directors of the Transferee Company and / or such other date as may be approved by the National Company Law Tribunal pursuant to the provisions of Sections 230 to 232 of Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and rules framed thereunder.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

14 Ratios

	Ratios and Formulae	Remarks	As at March 31, 2022	As at March 31, 2021	Variance (in %)
a)	Current ratio = Current assets / Current liabilities		0.96	1.28	(24.9%)
b)	Debt equity ratio = (Long-term borrowings + Short-term borrowings and lease liabilities) / Total equity		0.21	0.27	(24.4%)
c)	Debt service coverage ratio = (Profit/(loss) after tax but before finance costs, depreciation and amortisation and exceptional items) / (Finance costs + Short-term borrowings + Short term Lease liabilities)	Change due to reduction in borrowings	9.58	1.15	735.2%
d)	Return on equity ratio (%) = Net profit/(loss) after tax / Equity share capital	Change due to exceptional items	(41.67%)	351.10%	NA
e)	Inventory turnover ratio = (Cost of materials consumed + Purchase of stock-in-trade + Changes in inventories of finished goods, stock-in-trade and work-in-progress) / Average inventory		1.68	1.63	3.1%
f)	Trade receivables turnover ratio in no. of days = (Average trade receivables * no. of days) / Revenue from contracts with customers		127	167	(23.8%)
g)	Trade payable turnover ratio in no. of days = (Average trade payable * no. of days) / Purchases during the year		219	290	(24.7%)
h)	Net capital turnover ratio = Revenue from contracts with customers / (Current assets - Current liabilities)	Change due to reduction in current assets	(38.60)	5.03	NA
i)	Net profit ratio (%) = Net profit/(loss) after tax / Total revenue from operations	Change due to exceptional items	(0.64%)	6.02%	NA
j)	Return on capital employed (%) = Net Profit/(loss) after tax / (Total assets - total liabilities - intangible assets - intangible assets under development - Goodwill + Long term borrowings + Short term borrowings + Lease liabilities)	Change due to exceptional items	(0.41%)	2.92%	(114.0%)
k)	Return on investment (%) = Income generated from FVTPL Investment / Weighted average FVTPL investment		3.33%	3.72%	(10.5%)

15 No proceeding have been initiated or pending against the Company under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the Rules made thereunder.

16 The Company has not traded or invested in crypto currency or virtual currency during the financial year.

17 The Company has not granted any loans or advances in the nature of loans to promoters, directors and KMPs, either severally or jointly with any other person.

18 The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

19 The Company has not been sanctioned working capital limits from banks or financial institutions during any point of time of the year on the basis of security of current assets.

20 The Company has not been declared wilful defaulter by any bank or financial institution or government or any other government authorities.

21. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Ultimate Beneficiaries. However, the Company, as a part of its treasury operations, invests/advances loans to fund the operations of its subsidiaries/associates/ joint venture which have further utilised these funds for their general corporate purposes/ working capital, etc. within the consolidated group of the Company and in the ordinary course of business. These transactions are done on an arms' length basis following a due approval process.

Further, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

22. Details of property not in the name of the Company as at March 31, 2022

Particulars	Gross carrying value (₹ in Million)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Freehold Land	2.7	Ranbaxy Drugs Limited	No	24-Mar-15	The title deeds are in the name of erstwhile companies that were merged with the Company under relevant provisions of the Companies Act, 1956/2013 in terms of approval of the Honorable High Courts / National Company Law Tribunal of respective states.
Freehold Land	123.1	Ranbaxy Laboratories Limited	No	24-Mar-15	
Leasehold Land	2.9	Ranbaxy Laboratories Limited	No	24-Mar-15	
Freehold Land including building located thereon	95.9	Solrex Pharmaceuticals Company	No	08-Sep-17	
Freehold Land including building located thereon	3.6	Tamilnadu Dadha Pharamaceuticals Limited	No	01-Aug-97	
Building	4.1	Various	No	08-Sep-17	
Building	89.9	Sun Pharma Global FZE	No	01-Oct-21	

23. Details of Capital work-in-progress and Intangible assets under development :

₹ in Million

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Ageing of Capital work-in-progress					
Projects in progress	2,299.2	839.6	233.0	51.7	3,423.5
Projects temporarily suspended	-	-	-	165.9	165.9
	2,299.2	**839.6**	**233.0**	**217.6**	**3,589.4**

₹ in Million

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Ageing of Capital work-in-progress					
Projects in progress	3,484.5	679.4	189.7	74.9	4,428.5
Projects temporarily suspended	-	-	-	163.5	163.5
	3,484.5	**679.4**	**189.7**	**238.4**	**4,592.0**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Overdue Capital work-in-progress					
Projects in progress					
Formulation	749.9	-	-	-	749.9
Active Pharmaceutical Ingredient	144.9	-	-	-	144.9
Others	1.5	-	-	-	1.5
Projects temporarily suspended					
Others	-	165.9	-	-	165.9
	896.3	**165.9**	**-**	**-**	**1, 062.2**

₹ in Million

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Overdue Capital work-in-progress					
Projects in progress					
Formulation	590.0	190.4	-	-	780.4
Active Pharmaceutical Ingredient	124.7	17.0	-	-	141.7
Others	16.2	1.4	-	-	17.6
Projects temporarily suspended	-	-	163.5	-	163.5
	730.9	**208.8**	**163.5**	**-**	**1,103.2**

₹ in Million

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Ageing of Intangible assets under development					
Projects in progress	459.8	1,640.4	78.9	2,517.9	4,697.0
	459.8	**1,640.4**	**78.9**	**2,517.9**	**4,697.0**

₹ in Million

	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Ageing of Intangible assets under development					
Projects in progress	1,771.6	142.2	223.0	4,175.0	6,311.8
	1,771.6	**142.2**	**223.0**	**4,175.0**	**6,311.8**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

₹ in Million

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Overdue Intangible assets under development					
Projects in progress					
Others	32.8	-	-	-	32.8
	32.8	**-**	**-**	**-**	**32.8**

₹ in Million

	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Overdue Intangible assets under development					
Projects in progress					
Others	149.8	2.0	-	-	151.8
	149.8	**2.0**	**-**	**-**	**151.8**

24. Relationship with Struck off Companies

    The Company does not have any transactions and balances with companies which are struck off except shares held by 8 shareholders holding 7,653 shares (March 31, 2021 - 7,833 shares) having face value of ₹ 1 per share.

25. Figures for previous year 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
Mumbai, May 30, 2022

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)

ANOOP DESHPANDE
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 30, 2022

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(Annexure 'A')

Ind AS- 24 - "RELATED PARTY DISCLOSURES"

(I) Names of related parties and description of relationships

a Subsidiaries

Green Eco Development Centre Limited	Universal Enterprises Private Limited
Sun Pharmaceutical (Bangladesh) Limited	Sun Pharma Switzerland Limited
Sun Pharmaceutical Industries, Inc.	Sun Pharma East Africa Limited
Sun Farmaceutica Do Brasil Ltda.	Pharmalucence, Inc. (Refer Footnote 8)
Sun Pharma De Mexico S.A. DE C.V.	PI Real Estate Ventures, LLC
SPIL De Mexico S.A. DE C.V. (Refer Footnote 3)	Sun Pharma ANZ Pty Ltd
Sun Pharmaceutical Peru S.A.C.	Ranbaxy Farmaceutica Ltda.
OOO "Sun Pharmaceutical Industries" Limited	Sun Pharma Canada Inc.
Sun Pharma De Venezuela, C.A.	Sun Pharma Egypt LLC
Sun Pharma Laboratories Limited	Rexcel Egypt LLC
Faststone Mercantile Company Private Limited	Office Pharmaceutique Industriel Et Hospitalier (Refer Footnote 6)
Neetnav Real Estate Private Limited	Basics GmbH
Realstone Multitrade Private Limited	Ranbaxy Ireland Limited (Refer Footnote 3)
Skisen Labs Private Limited	Sun Pharma Italia srl (Formerly known as Ranbaxy Italia S.P.A.)
Sun Pharma Holdings	Sun Pharmaceutical Industries S.A.C.
Softdeal Pharmaceuticals Private Limited (Formerly known as Softdeal Trading Company Private Limited)	Ranbaxy (Poland) Sp. Z O.O.
Sun Pharma (Netherlands) B.V.	Terapia SA
Sun Pharma France (Formerly Known as Ranbaxy Pharmacie Generiques)	AO Ranbaxy
Ranbaxy (Malaysia) Sdn. Bhd.	Ranbaxy South Africa (Pty) Ltd
Ranbaxy Nigeria Limited	Ranbaxy Pharmaceuticals (Pty) Ltd
Foundation for Disease Elimination and Control of India	Sonke Pharmaceuticals Proprietary Limited
Zenotech Laboratories Limited	Sun Pharma Laboratorios,S.L.U. (Formerly known as Laboratorios Ranbaxy, S.L.U.)
Chattem Chemicals Inc.	Sun Pharma UK Limited (Formerly known as Ranbaxy (U.K.) Limited)
The Taro Development Corporation	Sun Pharma Holdings UK Limited (Formerly known as Ranbaxy Holdings (U.K.) Limited)
Alkaloida Chemical Company Zrt.	Ranbaxy Inc.
Sun Pharmaceutical Industries (Australia) Pty Limited	Ranbaxy (Thailand) Co., Ltd.
Aditya Acquisition Company Ltd.	Ohm Laboratories, Inc.
Sun Pharmaceutical Industries (Europe) B.V.	Ranbaxy Signature LLC
Sun Pharmaceuticals Germany GmbH	Sun Pharmaceuticals Morocco LLC
Sun Pharmaceuticals France (Refer Footnote 4)	"Ranbaxy Pharmaceuticals Ukraine" LLC
Sun Pharmaceuticals SA (Pty) Ltd	Insite Vision Incorporated (Refer Footnote 8)
Aquinox Pharmaceuticals (Canada) Inc (Refer Footnote 2 & 7)	Sun Pharmaceutical Medicare Limited
Sun Pharma Philippines, Inc.	JSC Biosintez
Sun Pharmaceuticals Korea Ltd.(Refer Footnote 4)	Sun Pharmaceuticals Holdings USA, Inc.
Caraco Pharmaceuticals Private Limited	Zenotech Inc
Sun Pharma Japan Ltd.	Zenotech Farmaceutica Do Brasil Ltda
Sun Laboratories FZE	Sun Pharma Distributors Limited
Taro Pharmaceutical Industries Ltd. (TARO) (Refer Footnote 5)	Kayaku Co., Ltd. (Refer Footnote 9)
Taro Pharmaceuticals Inc.	Realstone Infra Limited
Taro Pharmaceuticals U.S.A., Inc.	Sun Pharmaceuticals (EZ) Limited (Refer Footnote 2)
Taro Pharmaceuticals North America, Inc.	Sun Pharma (Shanghai) Limited (Refer Footnote 2)
Taro Pharmaceuticals Europe B.V.	Sun Pharma Japan Technical Operations Limited (Refer Footnote 1)
Taro International Ltd.	Alchemee, LLC (Refer Footnote 1)
3 Skyline LLC	The Proactiv Company Holdings, Inc. (Formerly known as Galderma Holdings, Inc.) (Refer Footnote 1)
One Commerce Drive LLC	Proactiv YK (Refer Footnote 1)
Taro Pharmaceutical Laboratories Inc (Refer Footnote 10)	The Proactiv Company KK (Refer Footnote 1)
Dusa Pharmaceuticals, Inc.	The Proactiv Company Corporation (Refer Footnote 1)
Mutual Pharmaceutical Company Inc. (Refer Footnote 8)	Sun Pharma Global FZE. (Refer Footnote 11)
2 Independence Way LLC	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(Annexure 'A')

Ind AS- 24 - "RELATED PARTY DISCLOSURES"

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

b	**Joint Ventures**	
	Artes Biotechnology GmbH	
c	**Associate**	
	Medinstill Development LLC	
	Dy Py Institute LLC	
	Intact Solutions, LLC	
d	**Key Management Personnel (KMP)**	
	Dilip Shantilal Shanghvi	Managing Director
	Sudhir Vrundavandas Valia	Non-Executive Director and Non-Independent Director
	Sailesh Trambaklal Desai	Wholetime Director
	Israel Makov	Chairman and Non-Executive Director (Non-Independent)
	Kalyanasundaram Iyer Natesan Subramanian	Wholetime Director
e	**Relatives of Key Management Personnel**	
	Aalok Shanghvi	
	Vidhi Shanghvi	
f	**Others (Entities in which the KMP and relatives of KMP have control or Significant influence)**	
	Makov Associates Limited	
	Sun Pharma Advanced Research Company Limited.	
	Sun Petrochemicals Private Limited	
	Sidmak Laboratories (India) Private Limited	
	United Medisales Private Limited	
	PV Power Technologies Private Limited	
	Fortune Integrated Assets Finance Ltd	
	Kism Textiles Private Limited	
	Alfa Infraprop Private Limited	
	Airamatrix Pvt Ltd	
	Shantilal Shanghvi Foundation	

Footnote

1. Incorporated / Acquired during the year.
2. Incorporated / Acquired during the previous year.
3. Dissolved / Liquidated during the year.
4. Dissolved / Liquidated during the previous year.
5. Holds voting power of 85.66% (beneficial ownership 78.48%) [March 31, 2021 85.18% (beneficial ownership 77.78%)].
6. Office Pharmaceutique Industriel Et Hospitalier has been merged with Sun Pharma France (Formerly Known as Ranbaxy Pharmacie Generiques) w.e.f. April 01, 2020.
7. Aquinox Pharmaceuticals (Canada) Inc has been merged with Taro Pharmaceuticals Inc. w.e.f. July 31, 2020.
8. Insite Vision Incorporated, Mutual Pharmaceutical Company Inc and Pharmalucence, Inc. has been merged with Sun Pharmaceutical Industries, Inc. w.e.f. April 01, 2020.
9. With effect from September 01, 2021 Kayaku Co. Ltd. has been ceased to be the subsidiary of the company.
10. With effect from January 27, 2022 Taro Pharmaceutical Laboratories Inc. was merged into Taro Pharmaceuticals U.S.A., Inc.
11. Sun Pharma Global FZE is under dissolution.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(Annexure 'A')

Ind AS- 24 - "RELATED PARTY DISCLOSURES"

(II) Detail of related party transaction during the year ended March 31, 2022:

₹ in Million

Type of Transaction	Year ended March 31, 2022	Year ended March 31, 2021
Purchase of goods	**5,952.3**	**4,879.2**
Subsidiaries	5,948.0	4,874.5
Others	4.3	4.7
Purchase of property, plant and equipment and other intangible assets	**1,298.7**	**2,195.7**
Subsidiaries	913.5	624.2
Others	385.2	1,571.5
Revenue from contracts with customers, net of returns	**121,827.7**	**112,117.6**
Subsidiaries	121,772.7	112,080.9
Others	55.0	36.7
Sale of property, plant and equipment	**351.7**	**22.5**
Subsidiaries	329.1	9.4
Associates	17.5	-
Others	5.1	13.1
Other operative income /Other Income	**17.2**	**65.2**
Subsidiaries	2.8	42.5
Others	14.4	22.7
Receiving of service	**2,622.2**	**3,064.8**
Subsidiaries	1,650.8	2,329.2
Joint ventures	-	8.0
Others	971.4	727.6
Reimbursement of expenses (paid)	**11,148.3**	**13,020.4**
Subsidiaries	11,122.0	12,975.8
Associates	1.3	8.8
Joint ventures (March 31, 2022 : ₹ 9,849)	0.0	1.1
Others	25.0	34.7
Rendering of service	**932.1**	**1,043.2**
Subsidiaries	863.9	973.7
Others	68.2	69.5
Reimbursement of expenses (received)	**1,890.9**	**261.1**
Subsidiaries*	1,871.0	191.0
Key management personnel	-	17.4
Others	19.9	52.7
Loans given	**29,306.8**	**9,208.1**
Subsidiaries	28,302.3	9,208.1
Associates**	1,004.5	-
Loans received back / Assigned	**9,559.4**	**26,339.3**
Subsidiaries	9,559.4	26,339.3
Security Deposit received	**0.9**	-
Others	0.9	-
Security Deposit given	-	**10.9**
Subsidiaries	-	10.9
Investments In Subsidiary	**14,787.6**	-
Subsidiaries	14,787.6	-
Proceeds from Liquidation of Subsidiary	**0.1**	-
Subsidiaries	0.1	-

* Includes reimbursement of settlement income.

** Includes conversion of Advance (capital advance and advance towards supply of goods/services) to Loan (convertible note).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(Annexure 'A')

Ind AS- 24 - "RELATED PARTY DISCLOSURES"

(II) Detail of related party transaction during the year ended March 31, 2022:

₹ in Million

Type of Transaction	Year ended March 31, 2022	Year ended March 31, 2021
Sale of Investment to	**18,204.3**	-
Subsidiaries	18,204.3	-
Write off for trade receivables	**104.3**	-
Subsidiaries	104.3	-
Advance received /Assigned	**2,925.6**	-
Subsidiaries	2,925.6	-
Loan taken	**85,611.2**	**98,473.3**
Subsidiaries	85,611.2	98,473.3
Loan repaid	**88,290.0**	**65,020.3**
Subsidiaries	88,290.0	65,020.3
Loan written off	-	**126.9**
Subsidiaries	-	126.9
Dividend income on equity shares	**135.4**	**383.4**
Subsidiaries	135.4	383.4
Interest income	**219.1**	**521.4**
Subsidiaries	219.1	521.4
Interest expense	**3,085.0**	**2,254.3**
Subsidiaries	3,085.0	2,254.3
Lease rental and hire charges (Income)	**44.7**	**34.8**
Subsidiaries	13.5	12.1
Others	31.2	22.7
Rent expense / Payment towards Lease Liabilities	**262.2**	**263.4**
Subsidiaries	262.2	263.4
CSR	**100.0**	**100.0**
Others	100.0	100.0
Remuneration	**202.3**	**165.4**
Key management personnel#	140.5	130.4
Relatives of Key management personnel	61.8	35.0

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' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to Key Management Personnel of Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(Annexure 'A')

Ind AS- 24 - "RELATED PARTY DISCLOSURES"

Balance outstanding as at the end of the year

₹ in Million

	As at March 31, 2022	As at March 31, 2021
Receivables	**34,528.1**	**58,416.1**
Subsidiaries	34,527.7	58,385.8
Key management personnel	-	17.4
Associates (March 31, 2022 : ₹ 5,623)	0.0	-
Others	0.4	12.9
Payable	**9,056.5**	**24,076.2**
Subsidiaries	8,798.2	23,883.1
Key management personnel	-	2.2
Others	258.3	190.9
Loan taken	**48,656.4**	**51,120.3**
Subsidiaries	48,656.4	51,120.3
Loan given	**36,559.7**	**15,834.8**
Subsidiaries	36,559.7	15,834.8
Security Deposit given	**73.4**	**73.4**
Subsidiaries	73.4	73.4
Security Deposit Received	**1.0**	**0.1**
Subsidiaries	0.1	0.1
Others	0.9	-
Other liabilities	**34,362.6**	**18,748.2**
Subsidiaries	34,362.6	18,748.2
Advance from customers	**3,300.4**	**1,758.6**
Subsidiaries	3,300.4	1,758.6
Advance (includes capital and supply of goods/services)	**619.1**	**1,757.0**
Subsidiaries	407.9	539.4
Associates	211.2	1,217.6
Accrued Interest income on loans and advances	**116.2**	**18.4**
Subsidiaries	116.2	18.4
Accrued Interest from borrowings	**-**	**142.9**
Subsidiaries	-	142.9
Provisions	**6,962.8**	**12,027.9**
Subsidiaries	6,962.8	12,027.9
Lease liabilities	**1,818.1**	**1,920.8**
Subsidiaries	1,818.1	1,920.8

a) 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 there have been no guarantees provided or received for any related party receivables or payables. As on year ended March 31, 2022, the Company has recorded impairment of receivables relating to amounts owed by related parties(wholly owned subsidiaries) amounting to ₹ 59.9 Million (March 31, 2021: ₹ 59.9 Million).

b) Provision includes obligation arising from a supply contract to Sun Laboratories FZE, a wholly owned subsidiary of the Company amounting to ₹ 6,962.8 Million (March 31, 2021: ₹ 12,027.9 Million).