Sun Pharmaceutical Industries Limited
Sun House, Plot No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai – 400 063, Maharashtra, INDIA.
Tel. : (91-22) 4324 4324
Fax : (91-22) 4324 4343
Website: www.sunpharma.com
CIN: L24230GJ1993PLC019050

August 03, 2020

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

Scrip Symbol: SUNPHARMA

BSE Limited,
Market Operations Dept.
P. J. Towers, Dalal Street,
Mumbai – 400 001.

Scrip Code: 524715

Dear Sir / Madam,

Sub: Submission of Annual Report of the Company for the year ended March 31, 2020 along with the Notice of 28th Annual General Meeting of the Company.

Pursuant to Regulation 34(1)(a) and clause 12 of Part A of Schedule III read with regulation 3 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report including the Business Responsibility Report of the Company for the financial year 2019-20 and Notice of the 28th Annual General Meeting of the Company, scheduled to be held on **Thursday, August 27, 2020 at 03.30 p.m. IST (Indian Standard Time) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")**, (a copy of which is being emailed to all the shareholders of the Company whose e-mail id are available with us. The remote e-voting period shall commence on **Monday, August 24, 2020 at 09:00 a.m. and shall end on Wednesday, August 26, 2020 at 05:00 p.m.** The business proposed to be transacted at the 28th Annual General Meeting, as detailed in the Notice, are as follows:

Item No.	Particulars of business
ORDINARY BUSINESS:	
1.	a. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon. b. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the report of the Auditors thereon.
2.	To confirm payment of Interim Dividend of ₹3/- (Rupees Three Only) per Equity Share and to declare Final Dividend of ₹1/- (Rupees One Only) per Equity Share of ₹1/- for the financial year 2019-20.

3.	To appoint a Director in place of Mr. Israel Makov (DIN: 05299764), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To appoint a Director in place of Mr. Sudhir V. Valia (DIN: 00005561) who retires by rotation and being eligible, offers himself for re-appointment.
SPECIAL BUSINESS:	
5.	Ordinary Resolution for ratification of remuneration of M/s. B M Sharma & Associates, Cost Auditors for the financial year ending March 31, 2021.
6.	Special Resolution for approval of maximum remuneration of Mr. Dilip Shanghvi, Managing Director, for further period of two years i.e. from April 1, 2021 to March 31, 2023.

This is for your information and dissemination.

Thanking you,

Yours faithfully,
For **Sun Pharmaceutical Industries Limited**

ASHOK I BHUTA

Digitally signed by ASHOK I BHUTA
DN: c=IN, o=Personal, cn=ASHOK I BHUTA,
serialNumber=f2341af46338991381ddc6bb003e5cc77c356d692402d11879c7ec949314d194,
postalCode=400067,
2.5.4.20=ce51218cb7a649030b9023ff1c9b511428d50b5d16773e2d301b6cbecf4f88c3, st=Maharashtra
Date: 2020.08.03 15:44:24 +05'30'

Ashok Bhuta
Compliance Officer

Encl: As above

CC:

1) National Securities Depository Ltd., Trade World,
Kamla Mills Compound, Lower Parel, Mumbai- 400012

2) Central Depository Services (India) Ltd,
Unit no. A- 2501, A Wing, Marathon Futurex,
IT Park, 25th Floor, Mafatlal Mill Compounds,
N M Joshi Marg, Lower Parel (East), Mumbai- 400013

3) Link Intime India Pvt. Ltd.,
C-101, 247 Park, L. B.S. Marg,
Vikhroli (West), Mumbai 400 083

THE TRANSFORMATION JOURNEY

ANNUAL REPORT 2019 - 2020

Sun Pharmaceutical Industries Ltd.

Reaching People. Touching Lives.

SUN PHARMA

Contents

THE TRANSFORMATION JOURNEY

We, at Sun Pharma, continue to remain steadfast in our transformation journey, building additional pathways of growth and simultaneously focusing on making the organisation more efficient.

Our specialty business is one of our key initiatives in this transformation journey, targeting an innovation driven business model to drive sustainable and profitable growth. We have invested significant resources over the past few years in building this business; and are now focusing on commercial execution to ensure that future cash-flows justify these investments. The strategy is to build a robust portfolio of branded patented products for global markets.

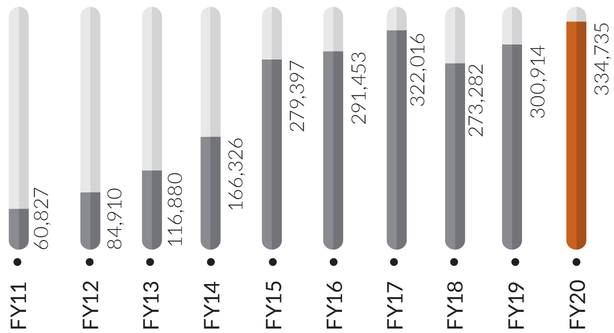
At the same time, we continue with our efforts for improving overall efficiencies in the company to achieve an optimum cost structure, relevant to today's business and market realities. These efforts are directed at multiple areas of the business, such as manufacturing, generics R&D spend, overall fixed cost reduction and savings in finance costs. We are also leveraging the power of information technology to enhance business efficiency and to improve employee productivity. Our objective is to judiciously utilise our resources with greater involvement of our people to make the organisation more efficient.

While the COVID-19 pandemic has resulted in near term uncertainty, our strategic initiatives, coupled with our global strengths, resilience and power of execution, give us the confidence of navigating this uncertainty and remain focused on our transformation journey.

Key Performance Indicators
(Consolidated)

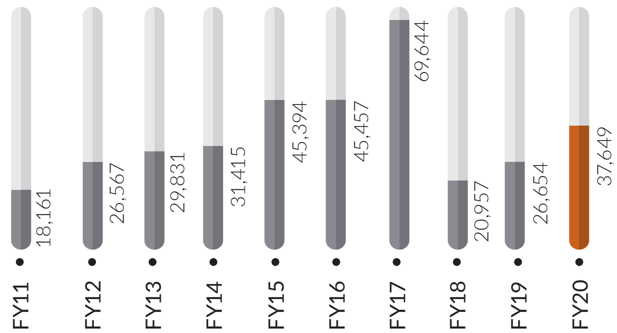
Total income

(₹ Million)



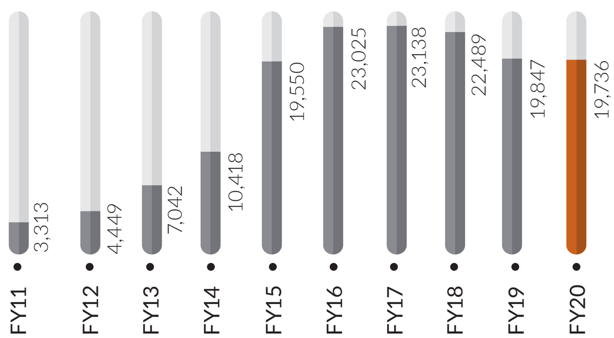
Net profit after minority interest

(₹ Million)



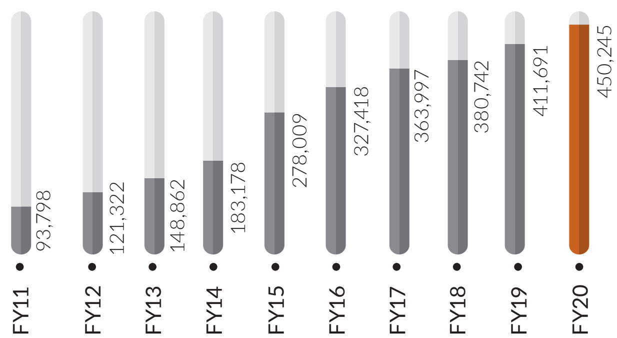
R&D investment

(₹ Million)



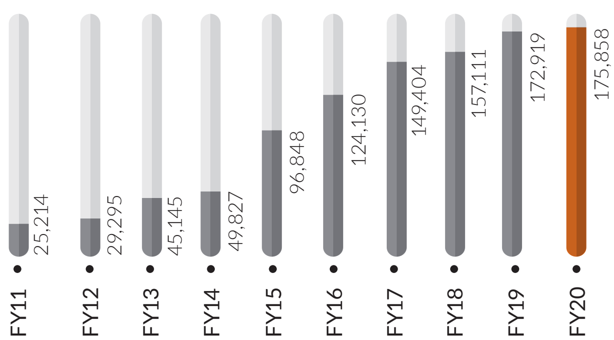
Reserve and surplus

(₹ Million)



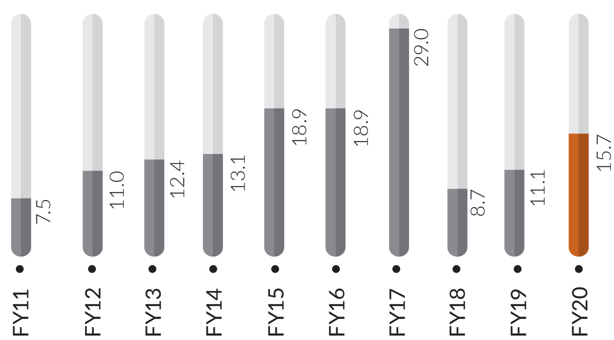
Carrying value of property, plant & equipment and other intangible assets

(₹ Million)



Adjusted earning per share (post exceptional items)*

(₹ per share)



* During the FY11, each equity share of ₹5 was split into five equity shares of ₹1 each.

* During the FY14, the Company issued bonus shares in the ratio of one equity share of ₹1 for every share held.

* During the FY16, the Company's equity shares increased to 2,407 Million due to the merger of erstwhile Ranbaxy Laboratories Ltd. (RLL) with the Company, wherein 0.80 equity share of ₹1 each of the Company have been allotted to the shareholders of RLL for every 1 share of ₹5 each held by them.

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

Ten Year Financial Highlights
(Consolidated)

(₹ Million)

Particulars	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Operating Performance										
Revenue from operations	57,279	80,195	112,999	160,804	273,920	284,870	315,784	264,895	290,659	328,375
Total income	60,827	84,910	116,880	166,326	279,397	291,453	322,016	273,282	300,914	334,735
Net profit for the year (after minority interest)	18,161	26,567	29,831	31,415	45,394	45,457	69,644	20,957	26,654	37,649
R&D expenditure	3,313	4,449	7,042	10,418	19,550	23,025	23,138	22,489	19,847	19,736
a) Capital	236	362	427	556	1,178	783	1,679	1,819	718	484
b) Revenue (excluding depreciation)	3,077	4,088	6,616	9,862	18,373	22,242	21,459	20,669	19,129	19,252
c) % of sales	6.0	5.6	6.3	6.5	7.2	8.3	7.6	8.6	6.9	6.1
Financial Position										
Equity share capital	1,036	1,036	1,036	2,071	2,071	2,407	2,399	2,399	2,399	2,399
Reserve and surplus	93,798	121,322	148,862	183,178	278,009	327,418	363,997	380,742	411,691	450,245
Property, plant & equipment and other intangible assets (at cost)	45,473	54,269	75,763	86,505	143,616	187,212	217,315	238,073	271,424	297,055
Carrying value of property, plant & equipment and other intangible assets	25,214	29,295	45,145	49,827	96,848	124,130	149,404	157,111	172,919	175,858
Investments	26,557	22,129	24,116	27,860	35,028	18,299	11,919	71,429	79,025	101,431
Net current assets	58,622	76,749	86,618	126,969	135,488	167,973	150,666	117,716	137,296	159,477
Stock Information										
Number of shares (in Million)	1,036	1,036	1,036	2,071	2,071	2,407	2,399	2,399	2,399	2,399
Adjusted earing per share (post exceptional items) (in ₹)*	7.5	11.0	12.4	13.1	18.9	18.9	29.0	8.7	11.1	15.7
Earnings per share-Basic (in ₹)*	17.5	25.7	28.8	15.2	18.9	18.9	29.0	8.7	11.1	15.7
Earning per share-Diluted (In ₹)*	17.5	25.7	28.8	15.2	18.9	18.9	29.0	8.7	11.1	15.7

* During the FY11, each equity share of ₹5 was split into five equity shares of ₹1 each.
* During the FY14, the Company issued bonus shares in the ratio of one equity share of ₹1 for every share held.
* During the FY16, the Company's equity shares increased to 2,407 Million due to the merger of erstwhile Ranbaxy Laboratories Ltd. (RLL) with the Company, wherein 0.80 equity share of ₹1 each of the Company have been allotted to the shareholders of RLL for every 1 share of ₹5 each held by them.
* The Company had adopted Ind AS accounting standard w.e.f April 1, 2016 with prior period restated from April 1, 2015. Hence, FY16 onwards the financials are reported as per Ind-AS and are not strictly comparable with previous years.

Managing Director's Message

We will continue to focus on growing each of our businesses faster than the market in which we operate. R&D investments in developing a differentiated generic pipeline as well as in building our specialty pipeline will continue in the coming years.

Dilip Shanghvi,
Managing Director

Dear Shareholders,

Health first - that is the underlying message that the COVID-19 pandemic has reasserted. The pandemic is a health as well as an economic crisis and hence the role of the pharmaceutical industry has become very critical. The pandemic has shaken the global economy, but has given the world an opportunity to correct decades of under-investment in healthcare.

While the pharmaceutical industry has taken significant strides in developing cutting-edge products in immunology, biologics, gene and cell therapy, etc., it has, barring certain exceptions, neglected developing new innovative products in the anti-infective segments. A growing incidence of chronic ailments like diabetes, cardiovascular, cancer etc., coupled with better pricing for products in these segments has resulted in very few new products being developed for infectious diseases. Over the past few decades, anti-infectives have become less attractive as potential areas for R&D due to relatively inferior pricing for such products compared to chronic products. Global innovator companies have reorganised their R&D pipelines to focus more on developing high-end chronic products. The global manufacturing infrastructure for anti-infectives has followed this trend, resulting in very few new capacities being set up for such products. The COVID-19 global pandemic may force both, the industry and governments, to revisit the importance of focusing on infectious disease research.

Over the past many years, governments across the world have given more importance to controlling healthcare costs to balance their overall budgets. The COVID-19 pandemic and the economic costs that it has extracted, may force governments to revisit this presumption and try to strike a balance between providing adequate healthcare and the ability to fund it.

While the pandemic obviously highlighted the importance of having an optimum healthcare infrastructure, it has also ignited a fresh debate on globalisation versus localisation. Supply chain network strategy is evolving as the pandemic has also highlighted the risks associated with vendor and/or location concentration. There is a higher sense of urgency now to achieve a pragmatic balance between outsourcing and self-sufficiency. Achieving higher resilience for supply chain is likely to prompt companies to evaluate diversification of their vendor base. However, in case of the pharmaceutical industry, new vendor identification and qualification will be a time-consuming process.

There is also a gradual realisation that the COVID-19 virus is here to stay and that all of us will have to learn to coexist with the virus till an effective treatment or vaccine becomes available. The industry is trying to develop a potential vaccine at a frantic pace while simultaneously putting in efforts to test existing drugs which can potentially aid COVID-19 treatment.

There will be far-reaching changes in the way in which organisations are likely to operate going forward. Consumer behaviour and consumption patterns are also likely to change due to the global pandemic. Social distancing and maintaining individual hygiene (like using masks and hand sanitisers) have become imperative. Work-from-home (WFH) option has been exercised by most organisations for certain functions and there is a likelihood that it will continue for some more time till the viral infection comes under control. There is a possibility that WFH may become the new-normal for certain categories of corporate work force even after COVID-19 comes under control.

COVID-19 risk response

In these critical and uncertain times, Sun Pharma has responded quickly and efficiently to meet the challenges at hand. We promptly evolved a COVID-19 Risk Management Plan and formed multiple COVID-19 Risk Response Teams under the guidance of the senior management to tackle the challenges resulting from the global pandemic.

Sun Pharma ensured adequate supplies of medicines to its customers across the world despite the supply chain disruptions and the lockdown restrictions in various countries. In a situation where there were multiple disruptions in manufacturing because of various challenges in terms of availability of intermediates, availability of packaging material, etc., we have ensured uninterrupted supply of our products across markets. Sun Pharma has also supplied some of the medicines used for treating COVID-19 symptoms.

There is now a higher focus on automation, digitalisation as well as increased dependence on analytical tools for decision making. We are leveraging IT technology tools to ensure business continuity as well as to facilitate WFH for many functions in the organisation. Changes at manufacturing facilities have been made to ensure productivity as well adherence to all safety and hygiene protocols.

We are also evaluating the potential of some existing products which can be useful in COVID-19 treatment. These include Nafamostat Mesilate and the phytopharmaceutical, AQCH. Both these products are currently undergoing Phase-2 trials in India.

As part of our corporate social responsibility, we donated certain medicines useful in managing COVID-19 symptoms and hand sanitisers worth about ₹250 Million to support the Indian government's COVID-19 pandemic response. Sun Pharma has also arranged personal protective equipment (PPE) kits, disinfectants, gloves etc. to help fight the pandemic.

FY20 highlights

We continued our growth trajectory in FY20 with our overall revenues growing by about 13% to ₹323 Billion. Key growth drivers include India, our global specialty business, coupled with growth in the rest of the world and API business.

Operational performance

For FY20, India formulation sales were at ₹97 Billion, accounting for about 30% of overall revenues. Adjusted for one-offs of last year, the India business has recorded a Y-o-Y growth of 15%. Our India business has done well, and we have started witnessing an increase in our market share. Our leading presence in chronic segments coupled with our strong brand equity with doctors is helping us increase our market share in an intensely competitive market. We have also initiated an expansion of sales force for the India business in order to expand our geographical footprint in India and to ensure that all our brands get the attention they deserve.

Revenues in the US remained almost flat at ₹105 Billion and accounted for approximately 33% of our consolidated revenues for FY20. While we witnessed a ramp-up in sales of our specialty products, the generics business continued to face price erosion, driven by competitive intensity amongst manufacturers, buying consortium pressures and a higher pace of generic approvals from the USFDA. Our subsidiary, Taro, recorded a 4% decline in overall revenues to US$645 Million for the year.

We grew by 3% in emerging markets for the year. We are witnessing a reduction in tender revenues in our South Africa business. Excluding the impact of the tender sales, we have recorded a low double-digit growth year-on-year for our emerging market portfolio. The depreciation of some emerging market currencies has also reduced our reported growth despite good underlying growth in local currency.

Our sales in the rest of world (RoW) markets grew by 31% for the year, driven by increased sales in some key Western European markets and the full year consolidation of the Pola Pharma acquisition in Japan.

Research & Development (R&D)

R&D is imperative for any pharmaceutical company's future. Our focus is to continue investing in R&D to develop differentiated generics and innovative specialty products. Our global generic business requires a constant flow of new products and hence R&D capabilities to develop such products and meet the individual requirements of each market are very important. At Sun Pharma, we have multiple R&D centres and a strong R&D team to cater to these requirements.

R&D is also absolutely vital for strengthening our global specialty pipeline. It is a key determinant of the future growth and profitability of the specialty initiative. We expect to continue to invest in specialty R&D in the coming years as we progress further in building the specialty business.

Our R&D investments for the year were approximately ₹20 Billion. We continue to be disciplined in identifying future R&D projects for the US generics market and the focus is on developing differentiated generics. Investments for developing the long-term specialty pipeline are expected to continue.

Progress on specialty initiatives

As we gain traction in the specialty business, it is becoming an additional growth engine for us. Our global specialty revenues for FY20 were about US$430 Million and accounted for approximately 9% of our consolidated revenues.

We undertook multiple initiatives during the year as part of our efforts to build the specialty business. These include:

1. New specialty product launches in the US
2. Targeting new markets like Japan and China for our specialty products
3. Evaluating new indications for ILUMYA
4. Reiteration of ILUMYA'S potential through long-term clinical data
5. Enhancing the specialty R&D pipeline by adding pre-clinical candidates

New specialty launches

During the year, we launched four specialty products in the US market viz., CEQUA, ABSORICA LD, EZALLOR SPRINKLE and DRIZALMA SPRINKLE.

a) **CEQUA:** In October 2019, Sun Pharma commercialised CEQUA (cyclosporine ophthalmic solution) 0.09% in the US. It is indicated for increasing tear production in patients with keratoconjunctivitis sicca (dry eye), an inflammatory disease that affects more than 16 Million people in the US. CEQUA is the first and only USFDA-approved cyclosporine treatment delivered with nanomicellar (NCELL™) technology, which helps to improve the bioavailability and physicochemical stability of cyclosporine, resulting in improved ocular tissue penetration. CEQUA's launch significantly enhances Sun Pharma's specialty ophthalmology portfolio in the US.

b) **ABSORICA LD:** In February 2020, Sun Pharma launched ABSORICA LD™ (isotretinoin) capsules in the US for the management of severe recalcitrant nodular acne in patients 12 years of age and older. ABSORICA LD is the only isotretinoin formulation to feature Sun Pharma's micronisation technology, which utilises micronised particles to optimise absorption at a 20% lower dose and can be taken with or without food.

c) **EZALLOR SPRINKLE:** In July 2019, Sun Pharma launched EZALLOR SPRINKLE™ (rosuvastatin) capsules in the US for the treatment of three types of elevated lipid disorders in people who have difficulty swallowing, a problem that is estimated to affect approximately 30-35% of long-term care patients.

d) **DRIZALMA SPRINKLE:** In October 2019, Sun Pharma launched DRIZALMA SPRINKLE™ (duloxetine delayed-release capsules) in the US for oral use. It is a serotonin and norepinephrine reuptake inhibitor (SNRI) designed for the treatment of various neuro-psychiatric and pain disorders in patients who have difficulty swallowing. The availability of DRIZALMA SPRINKLE expands Sun Pharma's portfolio of innovative formulation products designed for individuals with swallowing difficulties, the risk of which increases with age and exposure to age-related diseases and conditions, including depression, anxiety, and pain disorders.

Targeting new markets for specialty products

During FY20, we took steps to target two important markets for our specialty products viz., Japan and Greater China. In June 2019, we announced licensing agreements with a subsidiary of China Medical System Holdings Ltd. (CMS) for the development and commercialisation of two of our specialty products – Tildrakizumab (for psoriasis and psoriatic arthritis) and Cyclosporine A 0.09% (CsA) eye drops (for dry eye disease) for Greater China market. These licensing agreements will facilitate Sun Pharma's entry into the Greater China market, which is the second largest pharmaceutical market globally.

In August 2019, Sun Pharma announced the filing of an application in Japan for manufacturing and marketing authorisation of ILUMYA for moderate-to-severe psoriasis with the Pharmaceuticals and Medical Devices Agency (PMDA), Japan. The PMDA has recently approved this application and launch preparations have been initiated. This launch in Japan will be a step forward for Sun Pharma in expanding the global franchise for ILUMYA.

We have also recently entered into an exclusive licensing and distribution agreement with Hikma Pharmaceuticals PLC for commercialisation of ILUMYA™ in the Middle East and North Africa (MENA) region.

Evaluating new indications for ILUMYA

In June 2019, we announced interim results from a Phase-2 study of ILUMYA in patients with active psoriatic arthritis (PsA). The interim analysis revealed that over 71% of patients treated with ILUMYA experienced a 20%

improvement in joint and skin symptoms (ACR20 response), meeting the primary endpoint of the study.

The interim results showed that ILUMYA was well tolerated with a low rate of serious treatment-emergent adverse events. The Phase-2 study interim results also showed that across all patients receiving ILUMYA, 75.3% experienced a 20% improvement in symptoms of PsA (ACR20 response) at week 24 compared to 50.6% of patients on placebo. The findings were similar in patients receiving 100 mg or 200 mg of ILUMYA on a quarterly dosing schedule. For some patients on 100 mg ILUMYA, results were seen as early as 8 weeks. Furthermore, an average of 47.1% of all patients receiving ILUMYA achieved an ACR50 response, with some results seen as early as 12 weeks, compared to 24.1% of patients on placebo.

Given the encouraging Phase-2 study interim results, Sun Pharma is in the process of initiating the Phase-3 trials for PsA. ILUMYA is already approved in the US for the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy, and is being investigated for PsA, which affects up to 42% of people with plaque psoriasis.

Reiteration of ILUMYA'S potential through long-term clinical data

In October 2019, Sun Pharma presented long-term follow-up data from ILUMYA Phase-3 reSURFACE 1 and reSURFACE 2 trials. The data showed that the significant response rates seen in the initial 52 and 64 weeks, respectively, were maintained over four years for people with moderate-to-severe plaque psoriasis, with more than half the participants achieving at least 90% skin clearance [Psoriasis Area Sensitivity Index (PASI) 90] with no new safety concerns recorded.

Additional study analyses showed that the 75-100% skin clearance achieved with ILUMYA treatment over three years was sustained equally in people with and without metabolic syndrome, a common condition in people with psoriasis. This positive data reiterates the potential of ILUMYA and also indicates that the product provides a sustained response against moderate-to-severe plaque psoriasis, thus giving long-term benefit to the patient.

Enhancing the specialty R&D pipeline

Developing/adding new innovative specialty products is imperative to ensure a strong R&D pipeline. We have taken multiple steps to strengthen the specialty pipeline.

In August 2019, Sun Pharma entered into a global licensing agreement with the CSIR Indian Institute of Chemical Technology, Hyderabad (CSIR-IICT), for patents related to certain compounds with potential therapeutic activity across multiple indications in Sun Pharma's specialty focus areas. Under the terms of the license agreement, Sun Pharma gets exclusive global license for the said patents and any other future patents covered in the agreement.

This collaboration for developing new drugs is part of Sun Pharma's broader strategy for enhancing its global specialty pipeline. This agreement will facilitate the addition of pre-clinical candidates to Sun Pharma's global specialty pipeline. A successful clinical development of these potential compounds may enable Sun Pharma to commercialise pharmaceutical products for various therapeutic indications over the long term.

We recently presented pre-clinical data for GL0034, a long-acting GLP-1R (Glucagon-Like Peptide-1 Receptor) agonist at the American Diabetes Association Virtual 80th Scientific Sessions. GLP-1R agonists are used to treat patients with type 2 diabetes.

The data demonstrated significant outcomes on various diabetic parameters evaluated, viz. glucose reduction, decrease in HbA1c (an important marker for clinical efficacy), augmented insulin secretion, lowering of glucagon level and a marked and meaningful reduction in triglyceride levels. All these outcomes with GL0034 were found to be higher or significant to the currently marketed once a week GLP-1R agonists compared in the study. GL0034 also induced a larger body weight reduction, 1.9x and 3.8x times higher than the two different standard once a week GLP-1R agonist drugs compared in the study, with similar food consumption. We look forward to validating this data in human clinical trials with the Phase-1 trials likely to commence by Q3FY21.

In May 2020, Sun Pharma in-licensed SCD-044, a new chemical entity targeted as a potential oral treatment for atopic dermatitis, psoriasis and other auto-immune disorders. SCD-044 is entering Phase-2 clinical trials.

cGMP compliance

With global cGMP standards undergoing constant upgradation over the past many years, the pharmaceutical industry needs to be constantly on its toes with an unwavering focus on 24x7 compliance, which, in turn, raises compliance costs. Adherence to these quality standards and ensuring that each manufacturing facility remains compliant has become a key priority for pharmaceutical companies worldwide.

During the year, many of our facilities underwent successful audits by multiple regulatory agencies, including the USFDA. Our Halol facility was inspected by the USFDA in December 2019, which resulted in 8 deviations. The facility was subsequently classified as "Official Action Indicated (OAI)", which implies that all new approvals for the US market from this facility will be put on hold till it is cleared by the USFDA. We have already initiated the corrective actions required to get the facility back into compliance.

Focus on improving productivity

We are continuing with our efforts to reduce expenses to achieve an optimum cost structure relevant to today's business and market realities. These efforts are being implemented in multiple areas of the business with greater involvement of people in order to make the Company more efficient. Further enhancement of manufacturing efficiencies, optimising manufacturing footprint, rationalising generics R&D investments, reducing fixed costs and interest cost are some of the areas targeted for efficiency improvement.

Overall outlook

We will continue to focus on growing each of our businesses faster than the market in which we operate. R&D investments in developing a differentiated generic pipeline as well as in building our specialty pipeline will continue in the coming years.

Our strategy of developing the specialty business as an additional growth engine has started delivering, with a gradual ramp up in specialty revenues. We expect this momentum to continue over the next few years although the COVID-19 pandemic and lockdowns may throw up some uncertainties in the near-term. The specialty business is also helping us to move up the pharmaceutical value chain and bring in more innovation to our business. We have invested significant resources over the past few years in building this business and are now focusing on commercial execution to ensure that future cash flows justify these significant investments.

Generics will continue to be an important part of the overall healthcare management globally. Focus on healthcare may increase in the post-COVID period and hence generics are likely to retain their importance as an effective and economical health solution. Sun Pharma's strong positioning in the global generics industry and continued investments for the future will ensure that it remains a prominent player in this space.

Despite our proactive COVID risk response initiative, we do estimate some softening of sales in the near term due to the lockdowns and economic slowdown across various countries, although it is difficult to quantify the impact as of now. Our endeavour will be to ensure that we are the least impacted.

Key focus areas for us will be:

1. Employee protection and keeping workplace COVID-19 free
2. Digital engagement with doctors and patients
3. Supply chain protection, ensuring optimum utilisation of our factories and working closely with vendors to ensure continuity of supply
4. Enabling work from home for employees wherever and whenever it is necessary
5. Focus on cash collection and cash conservation in the business to ensure adequate liquidity
6. Continuing our focus on improving R&D productivity and throughput
7. Focus on cost optimisation and target higher efficiencies
8. Continue to invest in developing new technologies and innovative products

Our talented employees have done a remarkable job of ensuring business continuity despite the multiple disruptions resulting from the COVID-19 pandemic and lockdowns. All our teams, including Supply Chain, HR, IT, Finance, Manufacturing have worked tirelessly to:

1. Maintain adequate supply of our products in various markets
2. Enabling WFH for a large number of employees in a very short time
3. Ensuring overall productivity without compromising on safety protocols

We are also grateful to our Board of Directors for their guidance and support in these uncertain times.

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

Warm regards,

Dilip Shanghvi
Managing Director
Sun Pharmaceutical Industries Ltd.

Board of Directors

Israel Makov,
Chairman

Dilip S. Shanghvi,
Managing Director

Sudhir V. Valia,
Non-executive and Non-Independent Director

Sailesh T. Desai,
Whole-time Director

Kalyanasundaram Subramanian,
Whole-time Director

Vivek Chaand Sehgal,
Non-executive and Independent Director

Rekha Sethi,
Non-executive and Independent Director

Gautam Doshi,
Non-executive and Independent Director

Leadership Team

Abhay Gandhi
CEO - North America

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

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

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

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

C. S. Muralidharan
Chief Financial Officer

Anilkumar Jain
CEO - API Business

Davinder Singh
Senior Vice-President,
Sun Pharmaceutical Global Operations

S. Kalyanasundaram
Whole-time Director and
Director - Corporate Development

Kirti Ganorkar
CEO - India Business

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

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

Uday Baldota
CEO - Taro Pharmaceutical Industries Ltd.

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

Atanu Roy
Senior Vice-President, Chief Information Officer

12-96

STATUTORY REPORTS

97-267

FINANCIAL STATEMENTS

Management Discussion and Analysis

The views expressed in this analysis and the estimates mentioned were prepared prior to the onset of the COVID-19 pandemic and, hence are subject to change, depending on the evolving situation related to the pandemic.

Global Pharmaceutical Industry[1]

The global pharmaceutical market, estimated at US$1.2 Trillion in 2019, is expected to expand at a Compounded Annual Growth Rate (CAGR) of 3-6% to US$1.5-1.6 Trillion by 2024. Much of this is likely to be driven by the volume growth in pharmerging markets and the launch of high-end specialty innovative products in developed markets. However, overall tightening in pricing and patent expiry in developed markets could offset this growth.

Chart 1 Global pharmaceutical market[1]

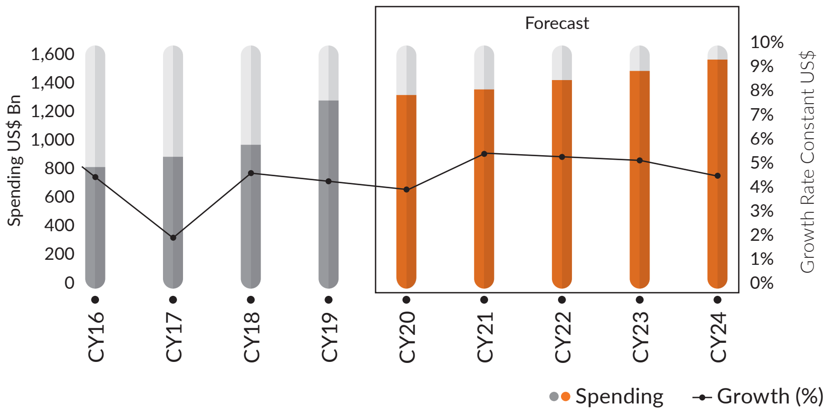


Table 1 Global pharmaceutical market growth[1]

Regions	2019 (In US$ Bn)	2014-2019 CAGR	2024 (In US$ Bn)	2019-2024 CAGR
Developed	822	3.8%	985-1,015	2-5%
Pharmerging	358	7.0%	475-505	5-8%
Rest of the world	71	4.8%	85-95	2-5%
Global	**1,250**	**4.7%**	**1,570-1,600**	**3-6%**

Table 2 Global pharmaceutical market 2024 – Share by product type[1]

Spending	Original brands		Non-original brands		Unbranded		OTC, vaccines and other products		Total (In US$ Bn)
	2019	2024	2019	2024	2019	2024	2019	2024	
Developed	73%	71%	9%	11%	11%	11%	7%	7%	985-1,015
Pharmerging	27%	28%	38%	38%	12%	12%	23%	21%	475-505
Rest of the world	56%	56%	24%	24%	8%	8%	12%	12%	85-95
Global	**60%**	**58%**	**18%**	**20%**	**11%**	**11%**	**11%**	**11%**	**1,570-1,600**

Outlook, implications and emerging trends[1, 2]

The US and pharmerging markets will remain key constituents of the global pharmaceutical industry – the former owing to size, and latter due to their growth prospects. Pharmaceutical spending in the US is estimated to grow at 3-6% CAGR between 2019 and 2024, to reach US$605-635 Billion by 2024, while the spending in pharmerging markets, including China, is likely to grow at 5-8% CAGR to US$475-505 Billion by 2024. These two regions will be key contributors to global pharmaceutical growth.

- Pharmaceutical spending in the top five western European markets (WE5) is likely to grow at 3-6% CAGR between 2019 and 2024 to reach US$210-240 Billion by 2024.
- China's US$142 Billion pharmaceutical market is expected to grow at 5-8% CAGR to US$165-195 Billion by 2024, while Japan's pharmaceutical spending growth is likely to remain range-bound at US$88-98 Billion by 2024.

- Innovator pharmaceutical companies will continue to explore new treatment approaches and technologies, as also breakthrough products to address unmet patient needs. Their key research focus will be immunology, oncology, biologics and cell and gene therapies.
- Global R&D spend is estimated to grow at a CAGR of 3% by 2024, lower than that of 4.2% between 2010 and 2018, partially driven by companies' focus on smaller indications, with lower clinical development costs.
- Digital technologies will be the most transformative force for healthcare. The ongoing uptake for artificial intelligence and machine learning will carry important implications within data science for optimisation of decision-making, ethical handling of patient privacy, and proper use and management of extensive and complex data sets.
- Digital technologies are being leveraged significantly for patient-to-doctor connect currently since a face-to-face consultation may not be possible due to COVID-19. It remains to be seen if this trend will continue in the post COVID-19 period also.
- One of the most dependable sources to generate key patient insights will be genomic data, as it facilitates an understanding of the genetic basis of diseases and treating genetically driven diseases with targeted gene-based therapies.
- Payors (reimbursement companies) are likely to keep working towards reducing costs. While initiatives to improve access to high-priced innovative products are being implemented, cost containment remains high on payors' agendas in the developed markets. This will contribute to a gradual moderation in the overall growth of pharmaceutical companies, especially in developed markets.
- In developed markets, there will be newer treatment options available for rare diseases and cancer, though they may come at a higher cost to patients in some countries. In pharmerging markets, wider access to treatment options and increased spending on medicines will have a positive impact on health outcomes.

Growth Enablers[1]

Demographics

Rising per capita income and changing lifestyles and food preferences, among other demographic and epidemiological trends, are leading to a rapid rise in the incidence of Non-Communicable Diseases (NCDs) in pharmerging markets. Pharmaceutical spending in these markets will be focused on overall growth through control and prevention of NCDs, especially cardiovascular diseases, cancer and diabetes.

Innovation

Launch of new innovative products will be a key driver of growth in developed pharmaceutical markets. Immunology drugs, biologics, oncology products, orphan drugs and cell and gene therapies will account for an increasing proportion of new launches in developed markets.

Macro-economics

Sustained economic growth in the long-term will remain a key catalyst for global pharmaceutical growth. However, there may be some near-term uncertainty due to the COVID-19 global pandemic.

Access

To cope with rising demand, driven largely by an expanding geriatric population, governments of most emerging economies will continue to seek expansion of their national health insurance schemes, boosting further spending on healthcare.

Developed Markets[1]

Pharmaceutical spending in the developed markets grew at ~4% CAGR between 2014-19, and is estimated to grow at about 2-5% CAGR to reach US$985-1015 Billion by 2024. These markets accounted for ~66% of global pharmaceutical spending in 2019, and are expected to account for ~63% of global spending by 2024.

Table 3 Developed markets – Pharmaceutical spending & growth[1] (In US$ Bn)

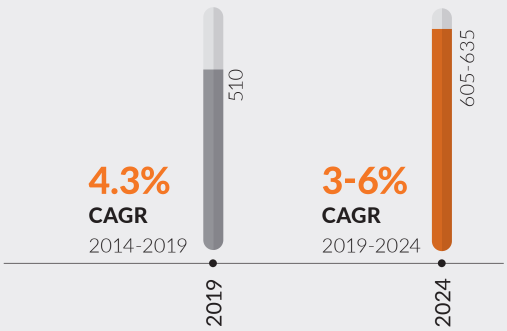
Region/Country	2019	2014-2019 CAGR	2024	2019-2024 CAGR
USA	510	4.3%	605-635	3-6%
WE5	174	4.0%	210-240	3-6%
Germany	52	4.9%	65-75	4-7%
France	35	1.6%	38-42	0-3%
Italy	34	5.1%	41-45	3-6%
UK	29	4.5%	37-41	4-7%
Spain	25	4.0%	30-34	3-6%
Japan	87	(0.2)%	88-98	(3)-0%
Canada	23	4.6%	26-30	4-7%
South Korea	16	7.3%	21-25	5-8%
Australia	12	3.5%	13-17	3-6%
Developed markets	**823**	**3.8%**	**985-1,015**	**2-5%**

USA

USA continues to be the largest pharmaceutical market, accounting for ~41% of global pharmaceutical spending. It recorded ~4% CAGR for 2014-19 and is expected to grow at 3-6% CAGR to US$605-635 Billion by 2024. The growth is likely to be driven principally by the development and launch of innovative specialty drugs, but will be partly tempered down by expiring patents of existing drugs and cost reduction initiatives by payors.

Chart 2 US pharmaceutical spending and growth[1]

(In US$ Bn)

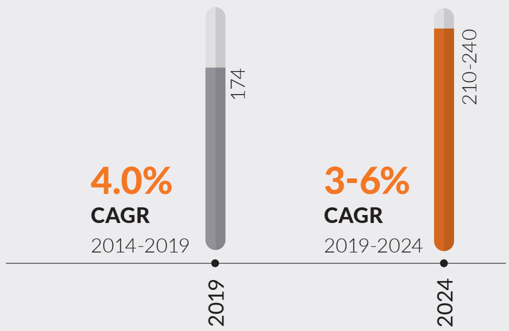


Western Europe Top 5 Markets (WE5)

Pharmaceutical spending in the top five Western European (WE5) markets is projected to grow at about 3-6% CAGR to US$210-240 Billion by 2024. Launch of new-age specialty products will drive this growth. Government-led price control initiatives to improve patient access is likely to act as a counter-balancing force to this growth.

Chart 3 WE5 pharmaceutical spending and growth[1]

(In US$ Bn)



Japan

The Japanese pharmaceutical market is expected to record flat growth between 2019-24 to about US$88 Billion. Favourable government policies are resulting in rising generics use, coupled with periodic downward price revisions for pharmaceutical products. This will facilitate savings in healthcare spending, tempering down industry growth despite product innovations.

Pharmerging Markets[1]

Pharmaceutical spending in pharmerging markets grew at ~7% CAGR during 2014-19 to US$358 Billion. These markets comprised ~28% of global spending in 2019 and are expected to account for 30-31% of spending by 2024. Pharmerging markets are likely to continue registering faster growth than developed markets, with a 5-8% CAGR through 2024, although lower than the 7% CAGR recorded during 2014-19.

Growth in pharmerging markets will be powered by higher volumes for branded and pure generic medicines led by increasing access among the populace. Some latest generation innovative medicines are likely to be launched in these markets, but given the high price of such products, the uptake may be limited.

Table 4 Pharmerging Markets – Pharmaceutical spending and growth[1] (In US$ Bn)

Region/Country	2019	2014-2019 CAGR	2024	2019-2024 CAGR
China	142	6.7%	165-195	5-8%
Tier 2	71	9.4%	90-120	7-10%
Brazil	32	9.9%	45-49	6-9%
India	22	9.5%	31-35	8-11%
Russia	16	8.4%	23-27	8-11%
Tier 3	145	6.2%	195-225	5-8%
Pharmerging markets	358	7.0%	475-505	5-8%

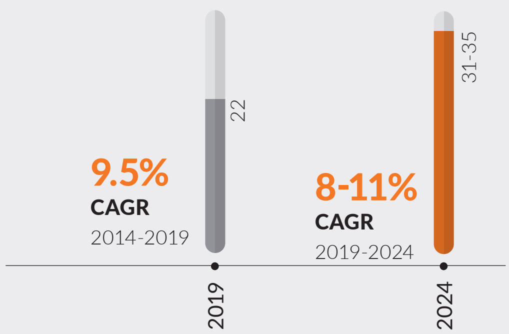
India

The Indian pharmaceutical industry is one of the fastest growing, globally, and the largest exporter of generic drugs by volume. The domestic formulations market in India has recorded ~9.5% CAGR in 2014-19 to reach US$22 Billion and is expected to grow at 8-11% CAGR to US$31-35 Billion by 2024.

India is uniquely positioned as a crucial supplier of pharmaceuticals by way of chemistry expertise, lower personnel costs and the ability to manufacture quality medicines in compliance with global regulatory standards. It will continue to be an important player in the global generics market.

Chart 4 India pharmaceutical spending and growth

(In US$ Bn)



India Pharmaceutical Market - Growth enablers[3, 4]

Specialty Medicines[1]

The growing demand of specialty medicines has been a steady growth driver in global pharmaceutical spending during the last decade, especially in the developed markets. Specialty medicines are used in the treatment of chronic, complex or rare diseases, which require advanced research and innovation (biologic drugs for chronic ailments, immunology drugs, orphan disease treatments, gene and cell therapy, among others). These products have made significant difference in patient outcomes.

Given the higher pricing, majority of these products' uptake is likely to be in markets with robust reimbursement systems. In ten years, from 2009 to 2019, the contribution of specialty products to the global pharmaceutical spending rose from 21% to 36%. Additionally, in the developed markets, contribution increased from 23% to 44%, while in the pharmerging markets, it grew from 11% to 14% by 2019. The uptake of these products is slower in pharmerging markets due to absence of or inadequate prescription insurance coverage for the masses.

The growth trend is expected to continue as more specialty products are developed and commercialised for unmet medical needs. They are likely to account for 40% of global pharmaceutical spending by 2024, with the fastest growth expected to be in the developed markets, where contribution of specialty products is likely to cross 50% by 2024. Oncology, autoimmune diseases and immunology are the main segments in the space, and will likely remain the key growth drivers in the 2019-2024 period.

Chart 5 Specialty medicines – Contribution to overall pharmaceutical spending[1]

(%)

Active Pharmaceutical Ingredients (API)[5]

The global API market is projected to reach approximately US$232 Billion by 2024, growing at a CAGR of about 6%. Some key factors driving this is the spike in infectious diseases and chronic disorders. The demand is being driven by consumption for manufacturing formulations in the anti-infectives, diabetes, cardiovascular, analgesics and pain management segments. Another factor is the rising use of APIs in novel formulations to pursue niche therapies like immunology, oncology, biologics and orphan drugs.

Consumer healthcare[6]

Consumer health products do not require prescription from healthcare professionals and can be purchased Over The Counter (OTC) from a pharmacy store. The global OTC consumer health products market size was approximately at US$141.5 Billion for 2019, recording a growth of 3.9% over 2018. It is projected to grow at 4.3% CAGR to reach ~US$175 Billion by 2024. Rising disposable income of consumers and spending on healthcare and wellness products are the major factors, likely to foster global market growth of OTC consumer health products.

Today's informed patients believe in taking better healthcare decisions and are engaging in effective health management through digital tools. Leveraging uninterrupted access to information, the consumer is wielding growing power, leading to creation of new market segments and new models of healthcare.

Key trends include:

- Increasing prescription to OTC switches
- Growing importance of dietary supplements
- Opportunity for omnichannel distribution – large format stores, shop-in-shop pharmacies and digital modes
- Increasing uptake of value-added products for well-informed consumers

Evolving Universe of Sun Pharma

Sun Pharmaceutical Industries Ltd., together with all its subsidiaries (Sun Pharma), is a globally acclaimed specialty generics pharmaceutical company. The Company, along with its subsidiaries and associates, continues to strengthen its market position despite macro-economic headwinds and industry challenges.

A vertically integrated business and a team of highly skilled employees enable it to deliver quality products at affordable prices, and be trusted by customers and patients in over 100 countries (comprising branded and generic markets). The Company has capabilities to manufacture a variety of dosage forms, such as injectables, sprays, ointments, creams, liquids, drug delivery systems, tablets and capsules.

The Company's growing presence is supported by manufacturing facilities across 6 continents. The facilities are approved by multiple global regulatory authorities and run by a multi-cultural workforce comprising 50+ nationalities. The Company fosters excellence through innovation, supported by strong Research & Development (R&D) capabilities across units, with ~6% of annual revenue being invested in R&D.

Sun Pharma is focused on improving efficiencies, cash flows and cost structure to ensure profitable and sustainable growth coupled with reasonable returns. At the same time, it continues its unwavering efforts on building its global specialty business.

Sun Pharma's Global Positioning

4th
Among global specialty generic companies

No.1
Pharma Company in India

9th
Largest generic pharma Company in the US

43
Manufacturing sites globally

100+
Countries market footprint

36,000+
Global employee base

6.1%
Of annual revenues invested in Research and Development

50+
Employee nationalities

Table 5 Milestones Across Decades

Year	Particulars	Country	Rationale
2020	In-licensed Triferic brand from Rockwell Medical Inc. (USA)	India	Expands nephrology portfolio in India – for treating anaemia in hemodialysis patients.
2019	Licensing agreement with AstraZeneca UK for ready-to-use infusion oncology products	Mainland China	Access to oncology market in Mainland China
2019	Licensing agreement with CMS for Tildrakizumab, Cequa and eight generic products	Greater China	Access to greater China market
2018	Acquired Pola Pharma in Japan	Japan	Access to Japanese dermatology market
2016	Acquired global rights for Cequa and Odomzo	Global	Enhances specialty pipeline
2016	Acquired Biosintez	Russia	Local manufacturing capability to enhance presence in Russian market
2016	Licensing agreement with Almirall for Tildrakizumab for Psoriasis	Europe	Access to European market for Tidrakizumab
2016	Acquired 14 brands from Novartis	Japan	Foray into Japan
2016	Distribution agreement with AstraZeneca	India	Distribution services agreement in India for brand 'Oxra' and 'Oxramet'® (brands of dapagliflozin, used for diabetes treatment
2015	Acquired InSite Vision Inc.	US	Strengthens specialty ophthalmic portfolio in US
2015	Distribution agreement with AstraZeneca	India	Distribution services agreement in India for brand 'Axcer'® (brand of ticagrelor, used for the treatment of acute coronary syndrome)
2015	Sun Pharma – Ranbaxy Merger	Global markets	Strengthen position as the 5th largest global specialty generic pharma Company, No.1 Pharma Company in India and strong positioning in emerging markets
2014	In-licensing agreement with Merck for Tildrakizumab, a biologic for psoriasis	Global markets	Strengthening the specialty product pipeline
2014	Acquired Pharmalucence	US	Access to sterile injectable capacity in the US
2012	Acquired DUSA Pharma, Inc.	US	Access to specialty drug-device combination in the dermatology segment
2010	Acquired Taro Pharmaceutical Industries Ltd.	Israel	Access to dermatology generic portfolio manufacturing facilities at Israel and Canada
1997	Acquired Caraco	Detroit, US	Entry into the US market

Business Model

The business model involves four critical growth strategies to drive sustainable growth and achieve higher efficiencies. Sun Pharma is strategically poised to capitalise on the emerging opportunities in the global pharmaceutical sector, to deliver consistent long-term stakeholder value.

US business

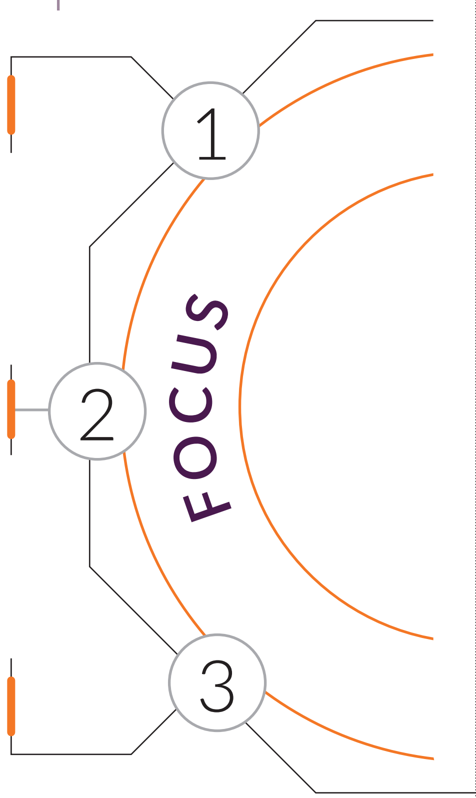
- 9th largest generics company in the US with a strong pipeline (**98** ANDAs and **5** NDAs awaiting approval)
- Presence in generics, specialty and branded segments with **538** approved products.
- FY20 sales: **₹105,425 Million**

Indian branded generics business

- No.1 company in the Indian pharmaceutical market
- Ranked No. 1 across 11 classes of doctors
- Leading position in high growth chronic therapies
- FY20 sales: **₹97,102 Million**

Emerging markets

- Presence in ~80 countries across Africa, Americas, Asia and Eastern and Central Europe
- Key focus geographies include Russia, Romania, Brazil, Mexico, South Africa, and complementary and affiliated markets
- FY20 sales: **₹55,044 Million**



Growth Strategies

Create sustainable revenue streams

- Enhance share of specialty business globally
- Achieve differentiation by focusing on technically complex products
- Focus on key markets – achieve critical mass
- Focus on speed to market
- Ensure sustained compliance with global cGMP regulatory standards

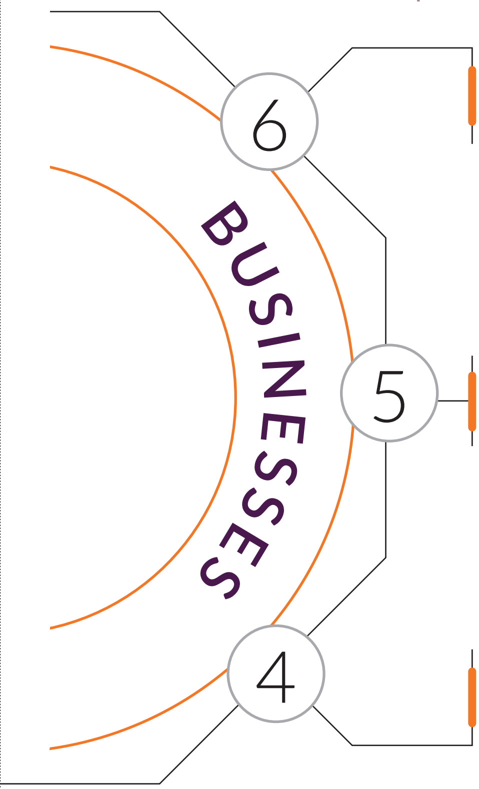
Cost leadership

- Optimise operational costs
- Focus on vertically integrated operations
- Rationalise global manufacturing footprint

Business development

- Use acquisitions to bridge critical capability gaps
- Focus on access to products, technology, market presence
- Ensure acquisitions yield high return on Investment
- Focus on payback timelines

Data as on March 2020



API business

- Backward integration provides cost competitiveness and supply reliability
- Portfolio of 323 approved DMF/CEP products
- FY20 sales: **₹19,159 Million**

Global consumer healthcare business

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

Rest of the world

- Presence across majority of markets in Western Europe, Canada, Japan, Australia and New Zealand
- Products include differentiated offerings for hospitals, injectables and generics for retail market
- Portfolio of long-listed products servicing the Japanese market
- FY20 sales: **₹45,210 Million**

Balance profitability and investments for future

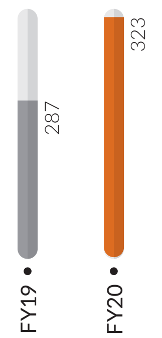
- Increasing contribution of specialty and complex products
- Future investments directed towards differentiated products as well as enhancing presence in key markets

Targets for future

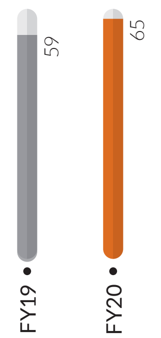
- Aim for sustainable and profitable growth
- Focus on improving ROCE
- Increase share of specialty business

Key Performance Indicators

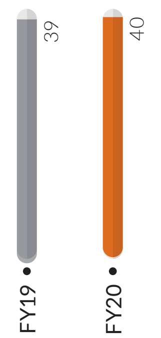
Gross Sales
(In ₹ Bn)



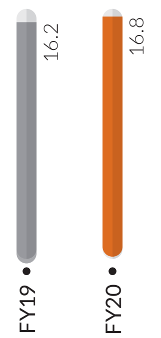
EBITDA**
(In ₹ Bn)



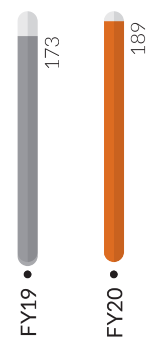
Adjusted Net Profit After Minority Interests (excluding Exceptional Items)
(In ₹ Bn)



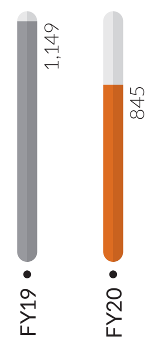
Adjusted Earnings Per Share (excluding Exceptional Items)
(₹ per share)



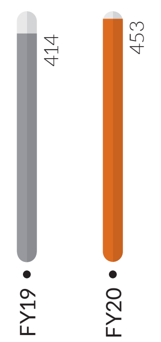
Book Value Per Share
(₹ per share)



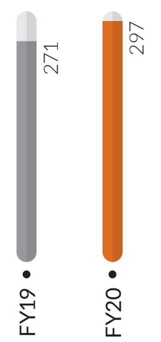
Market Capitalisation as on March 31
(In ₹ Bn)



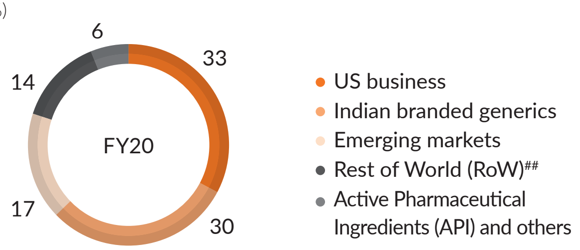
Net Worth
(In ₹ Bn)



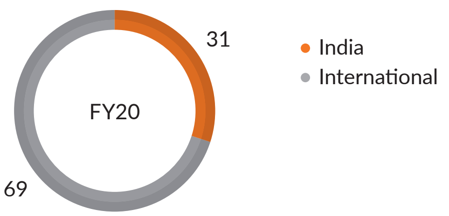
Property, Plant and Equipment and Other Intangible Assets (at cost)
(In ₹ Bn)



Business-wise Revenue Share
(%)



Business Mix
(%)



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

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

Financial Ratios

Table 6 Consolidated

Ratio	Unit	FY 20	FY 19	Variance	Reasons if variance is more than 25%
Return on Net Worth	%	8.3	6.4	29%	Return on Net Worth is higher for the year ended 31 March 2020 due to higher Profit After Tax
Debtors Turnover	times	3.4	3.2	6%	
Inventory Turnover (on cost of goods sold)	times	1.2	1.0	17%	
Interest Coverage Ratio	times	18.4	10.0	83%	Interest coverage ratio is higher for the year ended 31 March 2020 due to higher Profit Before Interest and Tax
Current Ratio	times	2.0	1.8	12%	
Debt/Equity Ratio	times	0.17	0.24	-28%	Reduction in debt and increase in Net Worth
Operating Profit Margin	%	20.0	20.7	-3%	
Net Profit Margin	%	11.6	9.3	25%	Increase in Net Profit

Table 7 Standalone

Ratio	Unit	FY 20	FY 19	Variance	Reasons if variance is more than 25%
Return on Net Worth	%	13.2	3.6	268%	Return on Net Worth is higher for the year ended 31 March 2020 due to higher Profit After Tax
Debtors Turnover	times	1.9	1.9	-1%	
Inventory Turnover (on cost of goods sold)	times	1.7	1.3	32%	On account of better revenue from contracts with customers, which grew by 22%
Interest Coverage Ratio	times	9.0	4.6	96%	Interest Coverage ratio is higher for the year ended 31 March 2020 due to higher Profit Before Interest and Tax
Current Ratio	times	1.1	0.8	27%	Both Revenue from contract with customers as well as Net Profit during the period has increased resulting in improved current ratio
Debt/Equity Ratio	times	0.26	0.28	-7%	
Operating Profit Margin	%	17.5	12.6	39%	On account of better revenue from contracts with customers which grew by 22%, along with cost containment
Net Profit Margin	%	27.0	8.3	223%	On account of increased total revenue from operations by 22%, along with cost containment

FY20 operating highlights

- In June 2019, Sun Pharma announced interim results from a Phase-2 study of interleukin-23 (IL-23) inhibitor ILUMYA™ (Tildrakizumab) in patients with active psoriatic arthritis (PsA). The interim analysis revealed that over 71% of patients treated with ILUMYA™ experienced a 20% improvement in joint and skin symptoms (ACR20 response), meeting the primary endpoint of the study. The interim results showed that ILUMYA™ was well-tolerated with a low rate of serious treatment-emergent adverse events.
  The Phase-2 study interim results also showed that across all patients receiving ILUMYA™, 75.3% experienced a 20% improvement in symptoms of PsA (ACR20 response) at week 24, compared to 50.6% of patients on placebo. The findings were similar in patients receiving 100 mg or 200 mg of ILUMYA™ on a quarterly dosing schedule. For some patients on 100 mg ILUMYA™, results were seen as early as 8 weeks. Furthermore, an average of 47.1% of all patients receiving ILUMYA™ achieved an ACR50 response, with some results seen as early as 12 weeks, compared to 24.1% of patients on placebo. Given the encouraging Phase-2 study interim results, Sun Pharma is exploring a possible Phase-3 trial for PsA. ILUMYA™ is already approved in the US for the treatment of adults with moderate-to-severe plaque psoriasis, who are candidates for systemic therapy or phototherapy, and are being investigated for PsA, which affects up to 42% of people with plaque psoriasis.

- In June 2019, Sun Pharma announced licensing agreements with a subsidiary of China Medical System Holdings Ltd. (CMS) for the development and commercialisation of two of its specialty products – Tildrakizumab (for psoriasis and psoriatic arthritis) and Cyclosporine A 0.09% (CsA) eye drops (for dry eye disease) in Greater China. Under terms of these licensing agreements, CMS paid Sun Pharma an initial upfront payment, and will also pay regulatory and sales milestone payments, and royalties on net sales. CMS will be responsible for development, regulatory filings and commercialisation of these products in China. These licensing agreements mark Sun Pharma's entry into the Greater China market, which is the second largest pharmaceutical market globally. This is also a step forward in Sun Pharma's efforts towards accessing important markets for its specialty products.

- In July 2019, Sun Pharma announced the US launch of EZALLOR SPRINKLE™ (Rosuvastatin) capsules for the treatment of three types of elevated lipid disorders in people who have difficulty swallowing, a problem that is estimated to affect approximately 30-35% of long-term care residents. With the introduction of EZALLOR SPRINKLE, Sun Pharma continued its commitment of providing a portfolio of innovative formulation products to address the needs of a specific patient segment.

- In August 2019, Sun Pharma announced the filing of an application in Japan for manufacturing and marketing authorisation of ILUMYA (Tildrakizumab) for moderate-to-severe psoriasis with the Pharmaceuticals and Medical Devices Agency (PMDA), Japan. Sun Pharma is committed to growing its global dermatology franchise, with ILUMYA™ as its lead product. The Company continues to build its pipeline and capabilities in this important therapeutic area of significant unmet need. This filing in Japan is a step forward for Sun Pharma in expanding the global franchise for ILUMYA™. It offers a potential new treatment option to patients who struggle everyday with the chronic nature of these aliments.

- In August 2019, Sun Pharma entered into a global licensing agreement with the CSIR – Indian Institute of Chemical Technology, Hyderabad (CSIR-IICT), for patents related to certain compounds with potential therapeutic activity across multiple indications in Sun Pharma's specialty focus areas. Under the terms of the license agreement, Sun Pharma gets exclusive global license for the said patents and any other future patents covered in the agreement. Sun Pharma paid CSIR-IICT an upfront payment and will also pay for potential development, regulatory and sales milestone payments totalling up to ₹2.40 Billion, plus royalties on net sales from commercialisation of the products developed using these patents. Sun Pharma will be responsible for development, regulatory filings, manufacturing and commercialisation of these potential products. This collaboration for developing new drugs is part of Sun Pharma's broader strategy for enhancing its global specialty pipeline. This agreement will facilitate the addition of pre-clinical candidates to Sun Pharma's global specialty pipeline. A successful clinical development of these potential compounds may enable Sun Pharma to commercialise pharmaceutical products for various therapeutic indications over the long-term.

- In August 2019, Sun Pharma granted an exclusive license to a subsidiary of China Medical System Holdings Ltd. (CMS) to develop and commercialise seven generic products in Mainland China. Till date, Sun Pharma and the CMS collaboration covers a total of eight generic products, with an addressable market size of about US$1 Billion (as per IQVIA data) in Mainland China. This collaboration gives Sun Pharma an entry into the Chinese generic pharmaceutical market. With more than 65% generics penetration, China represents a good opportunity for generic pharmaceutical companies.

- In October 2019, Sun Pharma presented long-term follow-up data from ILUMYA™ Phase-3 reSURFACE 1 and reSURFACE 2 trials. The data showed that the significant response rates seen in the initial 52 and 64 weeks, respectively, were maintained over four years for people with moderate-to-severe plaque psoriasis, with more than half the participants achieving at least 90% skin clearance [Psoriasis Area Sensitivity Index (PASI) 90] with no new safety concerns recorded. Additional study analyses showed that the 75-100% skin clearance achieved with ILUMYA™ treatment over three years, was sustained equally in people with and without metabolic syndrome, a common condition in people with psoriasis.

- In October 2019, Sun Pharma commercialised CEQUA (Cyclosporine ophthalmic solution) 0.09% in the US. CEQUA, which offers the highest concentration of cyclosporine for ophthalmic use approved by the US Food and Drug Administration (FDA), is indicated to increase tear production in patients with keratoconjunctivitis sicca (dry eye), an inflammatory disease that afflicts more than 16 Million people in the US. CEQUA is the first and only FDA-approved cyclosporine treatment delivered with nanomicellar (NCELL™) technology, which helps to improve the bioavailability and physicochemical stability of cyclosporine, resulting in improved ocular tissue penetration. CEQUA's launch significantly enhances Sun Pharma's specialty ophthalmology portfolio in the US.

- In October 2019, Sun Pharma launched DRIZALMA SPRINKLE™ (duloxetine delayed-release capsules) in the US for oral use. DRIZALMA SPRINKLE is a Serotonin and Norepinephrine Reuptake Inhibitor

(SNRI) designed for the treatment of various neuro-psychiatric and pain disorders in patients, who have difficulty swallowing – a problem that is estimated to affect approximately 30-35% of long-term care residents. The availability of DRIZALMA SPRINKLE expands Sun Pharma's portfolio of innovative formulation products designed for individuals with swallowing difficulties, the risk of which increases with age and exposure to age-related diseases and conditions – including depression, anxiety, and pain disorders. DRIZALMA SPRINKLE joins EZALLOR SPRINKLE™ (Rosuvastatin) and KAPSPARGO SPRINKLE™ (metoprolol succinate) extended-release capsules as the third product in Sun Pharma's US portfolio designed for individuals in long-term care.

- In November 2019, Sun Pharma entered into a licensing agreement with AstraZeneca UK Ltd. (AstraZeneca) to introduce certain novel ready-to-use (RTU) infusion oncology products in China. The agreement will help to bring cost-effective and quality drugs to patients in China. As per the terms of the agreement, Sun Pharma will be responsible for the development, regulatory filings and manufacturing of the products covered in the agreement, while AstraZeneca will exclusively promote and distribute these products in China. This licensing agreement further enhances Sun Pharma's product portfolio for the China market.

- In January 2020, Sun Pharma entered into exclusive licensing and supply agreements with Rockwell Medical Inc. (Rockwell), to commercialise Rockwell's Triferic, a proprietary iron replacement and haemoglobin maintenance drug, for treating anaemia in hemodialysis patients in India. Triferic is already approved in the US. As per the terms of the agreement, Sun Pharma will be the exclusive development and commercialisation partner for Triferic during the term of the agreement, subject to its approval in India. In consideration for the license, Rockwell is eligible for upfront and milestone payments as well as royalty on net sales. Triferic is indicated to replace iron and maintain haemoglobin in hemodialysis patients via dialysate, during each dialysis treatment. Triferic has a unique and differentiated mechanism of action, which has the potential to benefit dialysis patients.

- In February 2020, Sun Pharma launched ABSORICA LD™ (isotretinoin) capsules in the US for the management of severe recalcitrant nodular acne in patients 12 years of age and older. ABSORICA LD is the only isotretinoin formulation to feature Sun Pharma's micronisation technology, which utilises micronised particles to optimise absorption at a 20% lower dose. ABSORICA LD can be taken with or without food. It makes visibly clearer skin possible within just five months, removes the uncertainty surrounding timing of dosing, and makes absorption more predictable.

- In March 2020, Sun Pharma committed to donate Hydroxychloroquine (HCQS), Azithromycin, and other related drugs and hand sanitisers to support India's COVID-19 response. It also donated HCQS in the US market.

- In March 2020, Sun Pharma launched a buyback offer in India to buy back 40 Million shares at a price up to ₹425 per equity share, totalling to about ₹17 Billion.

FY21 Outlook

The COVID-19 outbreak and the lockdown across countries manifested into a healthcare-cum-economic crisis. The situation is uncertain and it is difficult to predict when economies will fully normalise. Hence, FY21 is likely to be a challenging year.

The world population at large, will have to learn to co-exist with the COVID-19 virus till an effective vaccine is developed and a significant portion of the world population is inoculated with the vaccine. Many existing medicines are being evaluated as potential options in COVID-19 treatment. Any positive outcome from the clinical trials of these products may also help in treating patients.

This co-existence with the virus will remarkably change things in the future:

- Since pharmaceuticals are viewed as essential items, the pharmaceutical industry has witnessed relatively less adverse impact of the pandemic, unlike other sectors. Sun Pharma continues to manufacture and distribute its products across the world despite the lockdown.

- The economic disruption linked to COVID-19 will take time to recover, with the outlook for economic activities globally, being inhibited. It may have a consequential effect on GDP across countries, bearing adverse impact on consumption of pharmaceutical products.

- It is possible that a certain percentage of the global workforce will continue to work from home, which will result in significant change in their consumption pattern of products and services.

- Social distancing may become the new normal for everybody till the virus is contained. This will require individuals and corporates to adopt safer protocols in offices, manufacturing facilities, travelling, meetings, amongst others.

- Sales force visit to doctors had stopped as clinics and hospital OPD consultations, were temporarily closed. Elective surgeries have been deferred. This will have a near-term impact on marketing and selling of pharmaceutical products and prescription generation for acute care products.

- Lead times for transportation of raw materials and finished goods increased due to the lockdown, but are expected to gradually normalise once the lockdowns across economies are relaxed.
- Sun Pharma will continue to focus on its objective of growing each business faster than the markets in which it operates. It is focused on profitable growth, sustainable cash flows and controlling costs, objectives that have become more critical during these times of uncertainty. The Company will continue to invest in the development of complex generics and for the enhancement of its global specialty pipeline.

Business Segment Review

US BUSINESS

33% Revenue share for FY20	**₹105 Bn** Revenue in FY20	**581** Cumulative ANDAs filed as on March 31, 2020	**60** Cumulative NDAs filed as on March 31, 2020
483 Cumulative ANDAs approved as on March 31, 2020	**55** Cumulative NDAs approved as on March 31, 2020	**98** ANDAs pending USFDA approval as on March 31, 2020	**5** NDAs pending USFDA approval as on March 31, 2020

Sun Pharma has been supplying generics to the US for over two decades. Its growth over this period has been driven by a mix of organic and inorganic initiatives. Today, it is the 9th largest generics pharmaceutical company in the US, with footprints spanning generics, specialty, branded and OTC segments. It offers a comprehensive portfolio across therapies tailored to the US market, which accounts for 33% of the Company's revenues.

Sun Pharma's key focus areas comprise Central Nervous System (CNS), dermatology, cardiology, oncology and ophthalmic, among others. It is ranked 2nd by prescriptions in the US dermatology market.

Among the Indian pharmaceutical companies operating in the US, Sun Pharma enjoys a unique positioning, with capabilities for on-shore and off-shore integrated manufacturing for the US. The Company's manufacturing facilities have the capabilities to manufacture various dosage forms, including liquids, creams, ointments, gels, sprays, injectables, tablets, capsules and drug-device combinations.

Table 8 US – Key Milestones

Year	Events
FY20	• Launched Cequa in the US • Launched Absorica LD Capsule in the US
FY19	• Launched specialty products, Ilumya, Yonsa and Xelpros in the US • Received USFDA approval for Cequa
FY18	• Launched Odomzo in the US • Obtained USFDA approval for Ilumya
FY17	• Filed Ilumya in the US and Europe • Acquired Ocular Technologies–gaining access to Cequa—a product for treating dry eyes • Launched BromSite in the US ophthalmology segment • Acquired Odomzo, a branded oncology product from Novartis
FY16	• Strengthened specialty ophthalmic portfolio with the acquisition of InSite Vision
FY15	• In-licensed Ilumya (Tildrakizumab)—strengthened specialty dermatology portfolio by gaining access to global rights, including the US
FY13	• Acquired DUSA to enter the branded specialty dermatology market
FY10	• Acquired Taro Pharma to penetrate the US dermatology market
FY98	• Entered the US market through Caraco acquisition

FY20 highlights

- Revenue from the US declined by 1% to ₹105,425 Million.
- The specialty branded business in the US witnessed a boost in revenues with Ilumya, Levulan Kerastick, Cequa and Odomzo being principal contributors. FY20 witnessed the first full-year commercial sales of Ilumya, while Cequa, launched in October 2019, had partial contribution.
- The US generics market remained highly competitive and continues to witness year-on-year price erosion, driven by increased bargaining by customers and speedier generics approvals from the USFDA, thereby intensifying competition.

Chart 7 ANDAs filed and approved

(Nos.)

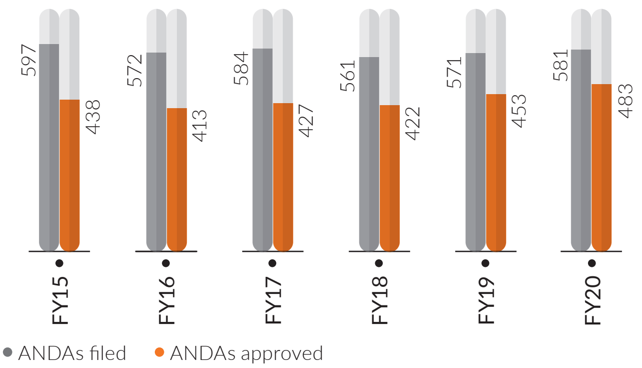


Chart 6 US sales

(In ₹ Bn)

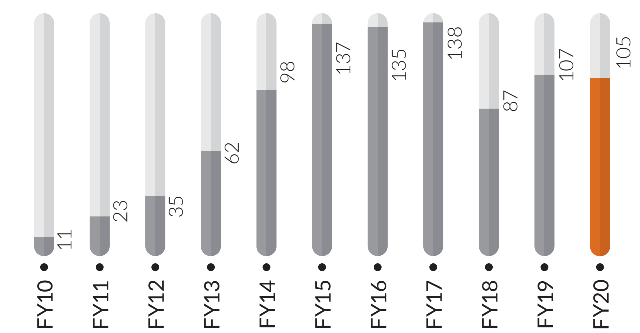
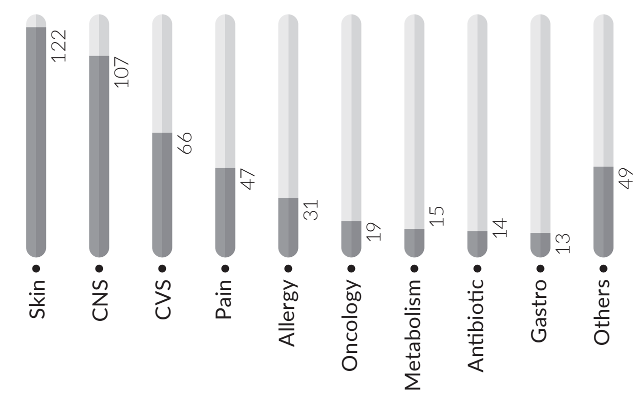


Chart 8 ANDA approvals by therapeutic area as of March 2020

(Nos.)



Milestones targeted for future

- Enhance share of specialty/branded business
- Develop and commercialise complex generics and products with high entry barriers
- Focus on improving supply-chain efficiencies to ensure best-in-class customer service standards

INDIA BRANDED GENERIC BUSINESS[7]

30%
Revenue share for FY20

No.1
Market position with 8.2% market share

No.1
Rank by prescriptions across 11 different classes of doctors

₹97 Bn
Revenue in FY20

31
Sun Pharma brands among the country's top 300 brands

Sun Pharma commands 8.2% share of the Indian pharmaceutical market, with continued leadership in the high-growth chronic segments and specialisation in technically complex products. It has a strong sales force of 9,700+, which reaches 400,000+ doctors across the country.

Chart 9 Sun Pharma – India therapeutic revenue break-up[7]

(%)

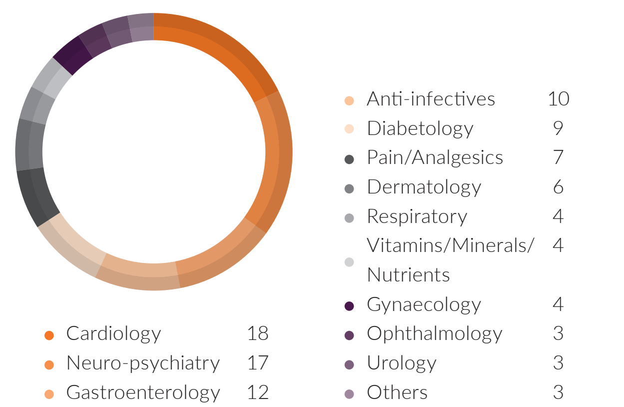


Table 9 Sun Pharma – India prescription ranking[8]

Segment	February 2019	February 2020
Psychiatrists	1	1
Neurologists	1	1
Cardiologists	1	1
Orthopaedic Specialists	1	1
Diabetologists	1	1
Gastroenterologists	1	1
Nephrologists	1	1
Consultant Physicians	1	1
Urologists	1	1
Dermatology	1	1
ENT Specialists	2	1
Ophthalmologists	1	2
Chest Physicians	2	2
General Surgeons	2	2
Gynaecologists	2	2

FY20 highlights

- Revenue from the India formulations business increased by 32% to ₹97,102 Million. Excluding the one-time impact of a shift in product distribution undertaken last year, the underlying growth was at ~15%.
- Key enablers of progress were the following:
  - Leading position in high-growth chronic therapies
  - Broad product portfolio, including new-age, in-licensed patented products
  - High brand equity with doctors

Priorities for future

- Maintain leadership in a fiercely competitive market
- Innovate continuously to ensure high brand equity
- Evaluate in-licensing opportunities for latest-generation patented products
- Expand geographical and doctor reach

EMERGING MARKETS

₹55 Bn
Revenue in FY20

17%
Revenue share for FY20

~2,300
Sales representatives

80+
Market presence

7
Markets with local manufacturing footprint

Sun Pharma sells its products in multiple emerging markets with Romania, Russia, South Africa and Brazil being the larger contributors to the business. It is among the largest Indian companies in emerging markets, and offers a wide spectrum of market-specific branded products. The Company has local manufacturing facilities in seven countries, which affords more flexibility in servicing local markets.

FY20 highlights

- Revenues from emerging markets grew by 3% to ₹55,044 Million in FY20
- Excluding the impact of lower tender business in South Africa, overall sales have grown by low double-digits for the year

Key focus areas

- Gain critical foothold in key markets through organic and inorganic initiatives
- Enhance product basket to offer a broad and profitable portfolio
- Launch complex products

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

₹45 Bn
Revenue in FY20

14%
Revenue share for FY20

Sun Pharma's Rest of World (RoW) presence includes key markets in Western Europe, Canada, Japan, Australia and New Zealand (A&Z), where ageing population and increasing incidence of chronic ailments are likely to drive pharmaceutical consumption. However, government efforts to tighten healthcare budget in these markets, may act as a counter-balancing force. The portfolio includes differentiated offerings for hospitals, injectables and generics for retail markets and long-listed products in the Japanese market.

FY20 highlights

- Revenue from this segment increased by 31% to ₹45,210 Million
- Growth was partially driven by the full year consolidation of the Pola Pharma acquisition in Japan

Future focus

- Launch differentiated generic products
- Commercialise Ilumya in Japan
- Ramp-up Ilumya prescriptions in Australia

CONSUMER HEALTHCARE BUSINESS

20
Consumer brands

20+
Presence in international markets

4
Countries where Sun Pharma is ranked amongst top 10 players

Sun Pharma features amongst the top 10 consumer healthcare companies in India. Internationally, the Company sells its products in over 20 markets, with a focus on Romania, Russia, South Africa, Nigeria, Myanmar, Ukraine, Poland, Thailand, Belarus, Kazakhstan, Morocco, UAE and Oman. It enjoys prominent brand equity in three countries besides India and ranks among the top 10 consumer healthcare companies in Romania, Nigeria and Myanmar.

In India, Sun Pharma's key consumer healthcare brands – Volini and Revital H – are ranked 26th and 83rd, respectively in the Indian pharmaceutical market. The distribution network spans 1,000+ cities and towns, supported by approximately 400,000 retail outlets. New launches in India in FY20 include:

- Volini Maxx Spray – 2% Diclofenac spray – India's strongest pain relief spray
- Volini Maxx Gel – 2% Diclofenac gel
- Volini Joint Xpert Gel – India's only gel that promises pain relief for 12 hours

Future focus

- Maintain market leadership through brand building, brand extensions and product innovation
- Expand presence in high-growth markets
- Increase retail and online presence
- Use digital communication tools to improve consumer engagement

ACTIVE PHARMACEUTICAL INGREDIENTS (API) BUSINESS

6%
Revenue share for FY20

431
DMF/CEP filings till date

₹19 Bn
Revenue in FY20

323
DMF/CEP approvals till date

14
Manufacturing units

The Company's API business provides cost competitiveness and supply reliability, reducing dependence on third-party suppliers. Sun Pharma's API portfolio consists of over 300 products across therapeutic segments. Besides using APIs for captive consumption, the Company supplies APIs to external customers also.

FY20 highlights

- Revenue from the API business increased by 11% to ₹19,159 Million
- Key growth drivers include new contracts and better realisations

Future focus

- Commercialise strategic APIs for captive consumption
- Seek new customers to grow the API business
- Ensure consistent supplies and service standards

Research and Development

6.1%
R&D spend as % of FY20 sales

₹170+ Bn
Cumulative R&D spend till date

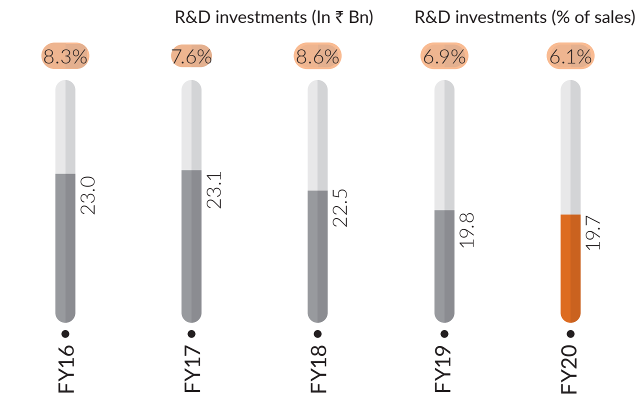
R&D represents the critical catalyst of the business, as it enables Sun Pharma to develop and market differentiated generics and specialty products globally. The Company's R&D capabilities are supported by best-in-class technologies, helping it deliver affordable products globally.

The Company is investing proactively to build a global pipeline for complex generics and specialty products. It has R&D capabilities and intellectual property experts to support development of products across dosage forms like injectables, orals, liquids, ointments, gels and sprays.

Considering the highly competitive nature of the US generics market, the Company continues to be pragmatic in identifying future R&D projects. Investments to develop the long-term specialty pipeline are expected to continue and grow in scale and scope, in the long-term. The Company is also investing in developing specific products for emerging markets and other developed markets.

Sun Pharma has also commenced research on developing an early stage innovation pipeline for its specialty business. Addition of new research candidates is imperative to ensure sustainability of the specialty pipeline in the long-term.

Chart 10 R&D investments



Future focus

- Develop complex generics for the regulated markets
- Continue to invest in enhancing the global specialty pipeline
- Strengthen the product pipeline for India and emerging markets
- Develop APIs of strategic importance

Global Manufacturing Capabilities

Sun Pharma has 43 world-class manufacturing facilities across six continents, enabling the Company to manufacture high-quality and low-cost products to serve patients globally. It is among the few companies to set up integrated manufacturing capabilities to produce oncology, hormones, peptides, controlled substances, and steroidal drugs. These facilities are certified by global regulatory agencies like the USFDA, the European Medicines Evaluation Agency (EMEA), the UK Medicines and Healthcare Products Regulatory Agency (MHRA), Australia's Therapeutic Goods Administration (TGA), South Africa's Medicines Control Council (MCC) and Germany's Federal Institute for Drugs and Medical Devices (BfArM). The Company's manufacturing facilities are also certified by the Brazilian Health Regulatory Agency (ANVISA), the World Health Organisation (WHO), South Korea's Ministry of Food and Drug Safety and Japan's Pharmaceuticals and Medical Devices Agency.

The Company has 29 finished dosage manufacturing facilities, while its 14 API facilities provide captive support.

Table 10 Finished dosage manufacturing facilities

Countries	Production facilities
India	14
US	3
Japan	2
Canada	1
Hungary	1
Israel	1
Bangladesh	1
South Africa	1
Malaysia	1
Romania	1
Egypt	1
Nigeria	1
Russia	1
Total	**29**

Table 11 API manufacturing facilities

Countries	Production facilities
India	9
Australia	2
Israel	1
US	1
Hungary	1
Total	**14**

People – the core of our strength

With a global team of over 36,000+ people, the Company strives to provide its employees a work environment that is congenial and encourages a balanced, healthy and safe life. It offers various growth opportunities to its people, rewarding and recognising merit. The Company runs multiple training programmes for skill development. It promotes inclusive growth and knowledge-sharing to make its people future-ready.

Way forward

- Promote inclusive growth and diversity
- Ensure efficient risk management protocols for employee safety
- Focus on improving productivity
- Leverage digital tools for facilitating WFH for employees

Quality at the core

The Company's research centres, manufacturing units, testing labs and distribution facilities are dedicated to maintaining highest quality standards. Sun Pharma has incorporated a robust quality management system and remains committed to operational excellence. Its global Quality Management Team ensures that every facility and product complies with global regulatory standards on efficacy and safety. It has in place stringent measures to ascertain conformity to regulatory requirements. Sun Pharma has cGMP certifications from global regulatory authorities like USFDA, European Medicines Agency (EMA), WHO and Therapeutic Goods Administration (TGA), among others.

Supported by well-trained quality control processes, Sun Pharma's teams are guided by a Corporate Quality Unit that supervises the implementation of latest GMP updates and guidelines.

In December 2019, the USFDA inspected the Halol facility and issued Form 483 with eight observations. Later, the USFDA classified the inspection status as Official Action Indicated (OAI). The Company is in continuous communication with the USFDA to resolve outstanding issues from the December 2019 inspection, while it continues to manufacture and distribute approved products to the US, from this facility. The OAI status typically implies that the USFDA may put new approvals from the facility on hold till the facility comes back into compliance.

Way forward

- Ensure compliance with global cGMP standards
- Enhance systems, processes, human capabilities to align with global regulatory standards

Table 12 SWOT analysis

Strengths	Opportunities	Threats and Weaknesses
• Global presence – 4th largest global specialty generics company - 9th largest generics company in the US - 2nd largest by prescriptions in the US dermatology segment - Largest pharma company in India by market share - Enjoys No. 1 ranking with 11 different classes of doctors in India - Amongst the largest Indian pharmaceutical companies in emerging markets Largest Indian pharmaceutical company in Japan	• Global efforts to reduce healthcare costs augur well for companies like Sun Pharma who have the ability to supply high-quality pharmaceutical products at affordable prices	• The outbreak of the COVID-19 pandemic across the world and subsequent disruption in economic activities is likely to impact GDP across countries and may indirectly also impact pharmaceutical consumption • Challenging US generics pricing environment driven by customer consolidation and higher competitive intensity, on account of faster pace of generic drug approvals by the USFDA • Significant volatility in the forex market, especially for emerging market currencies, may adversely impact reported growth of these markets, even though they may be recording growth in local currency terms
• Strong R&D skillsets to develop technologically complex products in the generic and specialty space • Ability to drive growth and profitability through a pragmatic mix of organic and inorganic initiatives - A strong balance sheet imparts ability to undertake inorganic initiatives without any significant leverage	• Favourable macroeconomic parameters for India and emerging markets are likely to ensure reasonable volume growth for pharmaceutical products in these markets • Contribution of specialty products is expected to increase in developed markets over medium to long-term. Sun Pharma has already commercialised many of its specialty products in developed markets, and hence will be able to get the benefits of this expanding opportunity	• Governments across the world try to control their healthcare budgets, which may lead to government-mandated price controls on pharmaceutical products
• Ability to supply high-quality products at affordable prices across the world	• Growing penetration of generics in Japan and opening of the China market, present a good long-term opportunity for Indian companies, including Sun Pharma	• The specialty initiative entails high upfront investments for long-term benefits, thus impacting short-term profitability

COVID-19 Risk Response

The COVID-19 pandemic has resulted in a new world order. Countries imposed lockdowns on economic activities beyond essential services, restrictions came up on travel and physical contact alongside business operation suspension in most industries. The pharmaceutical sector, being a supplier of essential items, has been relatively less impacted compared to other industries.

Sun Pharma promptly evolved a COVID-19 Risk Management Plan and formed multiple COVID-19 Risk Response Teams under the guidance of senior management to tackle challenges stemming from the pandemic. Following are some priorities for Sun Pharma to ensure business continuity:

1. Employee protection – Keep workplace COVID-19 free, working remotely wherever feasible
2. Doctor and patient engagement – Focus on digital engagement with doctors, patients, healthcare providers
3. Supply chain protection - Keep plants operational with safety protocols, maintain adequate stock levels, ensure timely deliveries, enhance captive consumption, and have close vendor connect to ensure supply chain continuity
4. Support mechanisms and infrastructure – Enable work-from-home and collaboration tools, strengthen security related controls and enable access for remotely operating vendors
5. Financial health – Focus on collections and effective debtor management to maintain adequate liquidity, while simultaneously continuing to focus on cost optimisation

Despite our proactive COVID-19 risk response initiatives, we estimate sluggish sales in the near-term. The impact of the COVID-19 pandemic is difficult to quantify as of now, but the Company will try to ensure that it emerges stronger across its various businesses.

Internal Control

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

Global Internal Audit (GIA)

An independent and empowered Global Internal Audit Function at the corporate level, with support from a reputed audit firm, carries out risk-focused audits across our Indian and overseas businesses, to ensure that business process controls are adequate and are functioning effectively. These reviews include financial, operational and compliance controls and risk mitigation plans. The Company's operating management closely monitors the internal control environment and ensures that the recommendations are effectively implemented. The Audit Committee of the Board monitors performance of the Internal Audit Function, reviews key findings and provides strategic guidance.

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

Bibliography

1 IQVIA Institute
2 Pharmaphorum
3 India Brand Equity Foundation
4 McKinsey & Company
5 MarketWatch
6 Nicholas Hall 2019
7 AIOCD-AWACS report, March 2020
8 SMSRC Report, February 2020

Disclaimer

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

Board's Report

Your Directors take pleasure in presenting the Twenty-Eighth Annual Report and Company's Audited Financial Statements for the financial year ended March 31, 2020.

FINANCIAL RESULTS

(₹ in Million)

	Standalone		Consolidated	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	125,319.3	103,032.1	328,375.0	290,659.1
Profit before exceptional item and tax	32,530.0	19,338.3	52,702.3	50,245.8
Exceptional Item	-	12,143.8	2,606.4	12,143.8
Profit before tax but after exceptional item	32,530.0	7,194.5	50,095.9	38,102.0
Tax expense:				
-Current Tax	3,864.6	15.5	13,201.4	8,039.6
-Deferred Tax Charge / (Credit)	(3,446.0)	(987.0)	(4,973.4)	(2,030.8)
Profit after tax	32,111.4	8,166.0	41,867.9	32,093.2
Profit after Tax but before Share in profit / (loss) of associates and joint venture	-	-	41,867.9	32,093.2
Share of profit/(loss) of associates and joint venture [Net]	-	-	(148.3)	(14.6)
Profit for the year before non-controlling interests	-	-	41,719.6	32,078.6
Non-controlling interests	-	-	4,070.3	5,424.4
Profit for the year attributable to owners of the Company	-	-	37,649.3	26,654.2
Total other Comprehensive Income	(808.0)	1,837.4	21,208.3	16,799.9
Total Comprehensive Income for the year attributable to:	31,303.4	10,003.4	62,927.9	48,878.5
-Owners of the Company	31,303.4	10,003.4	56,068.4	42,054.1
-Non-Controlling Interest	-	-	6,859.5	6,824.4
Opening balance in Retained Earnings	123,846.1	120,370.0	333,301.9	319,777.0
Additions:				
Amount available for appropriation	31,925.1	8,273.3	37,377.3	26,804.4
Less:				
Dividend on Equity Shares	13,789.6	4,791.6	13,789.6	4,791.6
Dividend Distribution Tax	1,928.9	5.6	2,834.5	984.9
Buy-back of equity shares by overseas subsidiaries	-	-	831.6	2,013.1
Adjustment on account of Ind AS 115	-	-	-	6,493.0
Transfer to/from various Reserves:				
-Debenture redemption Reserve	-	-	-	(1,250.0)
-Legal reserve	-	-	23.0	203.9
-General reserve	-	-	-	43.0
Closing balance in Retained Earnings	140,052.7	123,846.1	353,200.5	333,301.9

DIVIDEND

During the year under review, your Directors at their meeting held on February 06, 2020 had declared an interim dividend of ₹3.00 (Rupees Three only) per equity share of ₹1/- each for the year ended March 31, 2020. The interim dividend was paid on February 24, 2020 to those shareholders who held shares as on February 18, 2020, being the record date for payment.

In addition to above, your Directors have recommended a final dividend of ₹1/-(Rupee One only) per equity share of ₹1/- each [previous year ₹2.75/- per equity share of ₹1/- each] for the year ended March 31, 2020, subject to the approval of the equity shareholders at the ensuing 28th Annual General Meeting of the Company. Pursuant to the recent amendments introduced by the Finance Act, 2020, the said final dividend will be liable for deduction of income tax at source.

Therefore, the total dividend payout for the FY20 is ₹4/- (Rupees Four only) per equity share of ₹1/- each.

The dividend payout is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is provided as 'Annexure – A' to this Report. The policy is also available on the website of the

Company and can be accessed through the web link: http://www.sunpharma.com/policies.

BUY-BACK OF SHARES

During the year under review, the Board of Directors of the Company at its meeting held on March 17, 2020, approved buy-back of Company's equity shares of face value of ₹1/- each ("Equity Shares") from the Open Market through stock exchange mechanism as prescribed under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, at a maximum price of ₹425/- (Rupees Four Hundred Twenty Five Only), per Equity Share payable in cash, for an aggregate maximum amount of up to ₹1700,00,00,000/- (Rupees One Thousand Seven Hundred Crores Only) ("Maximum Buy-back Size").

The Buy-back period opened on and from March 26, 2020 and last date for the completion of the Buy-back shall be earlier of: a) Friday, September 25, 2020 i.e., within 6 months from the date of the opening of Buy-back; or b) When the Company completes the Buy-back by deploying the amount equivalent to the Maximum Buy-back Size; or c) At such earlier date as may be determined by the Board or the persons authorised by the Board, subject to the Company having deployed an amount equivalent to the Minimum Buy-back Size i.e. ₹850,00,00,000/- (Rupees Eight Hundred Fifty Crores Only) (even if the Maximum Buy-back Size has not been reached).

No shares have been bought back by the Company, till the date of this report i.e. May 27, 2020, mainly due to the market price per Equity Share remaining higher, on most of the days, than the maximum price per Equity Share approved for the Buy-back.

CHANGES IN CAPITAL STRUCTURE

During the year under review, there was no change in the paid-up share capital of the Company.

SCHEME OF ARRANGEMENT

During the year, the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT"), vide its Order dated December 19, 2019, on interpretation ground that an outbound Demerger is not envisaged under Section 234 of Companies Act, 2013, did not allow the Company's petition for the proposed Composite Scheme of Arrangement amongst Sun Pharmaceutical Industries Limited and Sun Pharma (Netherlands) B.V. ("Transferee Company-1") and Sun Pharmaceutical Holdings USA Inc. ("Transferee Company-2") and their respective members and creditors ("Composite Scheme of Arrangement") for transfer of the Specified Investment Undertaking-1 (as defined in the Composite Scheme of Arrangement) and Specified Investment Undertaking-2 (as defined in Composite Scheme of Arrangement) of the Company into Transferee Company-1 and Transferee Company-2 respectively.

The Composite Scheme of Arrangement being an internal restructuring exercise, the above referred Order of Hon'ble NCLT does not impact the consolidated financial statements of the Company.

The aforesaid Composite Scheme of Arrangement was approved by the Board of Directors at its meeting held on May 25, 2018 and was approved by the shareholders of the Company and unsecured creditors at their respective NCLT convened meetings held on June 04, 2019.

EXTRACT OF ANNUAL RETURN

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

SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES

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

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

Details pertaining to entities that became subsidiaries/ joint ventures/associates and those that ceased to be the subsidiaries / joint ventures/associates of the Company during the year under review are provided in Note : 38 of the notes to the Consolidated Financial Statements, forming part of the Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Mr. Sudhir V. Valia had stepped down from the position of Whole-time Director of the Company w.e.f. May 29, 2019. However, he continues to be a Non-Executive and Non-Independent Director of the Company.

Mr. Israel Makov, Chairman and Mr. Sudhir V. Valia, Director of the Company retire by rotation at the ensuing 28th Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Mr. Kalyanasundaram Subramanian was re-appointed as Whole-time Director for a period of two years with effect from February 14, 2019, without any remuneration from the Company, since he was receiving remuneration from wholly owned subsidiary company as the CEO & Whole-time Director of the subsidiary. During the year, due to change in his role and responsibilities, the Board, on the recommendation of the Nomination and Remuneration Committee, had approved the payment of remuneration to Mr. Kalyanasundaram Subramanian with effect from July

04, 2019 till the remaining term of his appointment upto February 13, 2021. The maximum remuneration which can be paid to Mr. Kalyandasundaram Subramanian was also approved by the members at 27th Annual General Meeting of the Company held on August 28, 2019. He no longer receives remuneration from the wholly owned subsidiary company with effect from July 04, 2019.

Mr. Dilip S. Shanghvi was re-appointed as the Managing Director at the 25th Annual General Meeting of the Company held on September 26, 2017 for a period of 5(five) years effective from April 1, 2018 upto March 31, 2023. However, due to inadequacy of profits, the approval for remuneration to be paid to Mr. Dilip S. Shanghvi was sought from the members for a period of 3 years with effect from April 1, 2018 to March 31, 2021, including the minimum remuneration to be paid to him in event of loss or inadequacy of profits in any financial year during the aforesaid period of 3 years.

On the recommendation by the Nomination and Remuneration Committee, the Board of Directors at its meeting held on May 27, 2020, have considered, approved and recommended to the members, the maximum remuneration to be paid to Mr. Dilip S. Shanghvi for further period of two years i.e. for the remaining term of his present appointment, from April 01, 2021 till March 31, 2023.

Appropriate resolutions for the re-appointment and remuneration of the Directors are being placed for your approval at the ensuing 28th Annual General Meeting. Your Directors recommend the same for approval by the members at the ensuing 28th Annual General Meeting of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Act and under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

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

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company met 6 (Six) times during the year under review on May 28, 2019; August 13, 2019; August 28, 2019; November 07, 2019; February 06, 2020 and March 17, 2020. The particulars of attendance of the Directors at the said meetings are provided in detail in the Corporate Governance Report, which forms a part of this Report. The intervening gap between the meetings was within the period prescribed under the Act and Listing Regulations.

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

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

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

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

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, competency of Directors, experience of Director, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the management from the Board etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as mandate and composition, effectiveness of the committee, structure of the committee and meetings, independence of the committee from the Board and contribution to decisions of the Board.

The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as qualification, experience, knowledge and competency, fulfilment of functions, availability and attendance, initiative, integrity, contribution and commitment etc., and the Independent Directors were additionally evaluated on the basis of independence, independent views and judgement etc. Further the evaluation of Chairman of the Board, in addition to the above criteria for individual Directors, also included evaluation based on effectiveness of leadership and ability to steer the meetings, impartiality, etc.

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

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

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

The Board also assessed the fulfillment of the independence criteria as specified in Listing Regulations, by the Independent Directors of the Company and their independence from the management.

HUMAN RESOURCES

Sun Pharma's skilled, talented and multicultural workforce is pivotal to all the initiatives that drive us to realise our future plans. We have 36000+ employees globally spread across multiple geographies in various sales offices, R&D centers, 43 manufacturing locations, regional offices and Corporate office. Human Resource agenda encourages high performance culture with focus on Employee health, safety & welfare, Employee engagement, development & Productivity. Your Directors would like to take this opportunity to express their appreciation for the passion, dedication and commitment of the employees of the Company and look forward to their continued contribution.

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

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

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

During the financial year ended March 31, 2020, one complaint pertaining to sexual harassment was received and the same was resolved by the Company. There are no complaints pending as at the end of the financial year.

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

AUDITORS

Statutory Auditors

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

The Auditor's Report for the financial year ended March 31, 2020, has been issued with an unmodified opinion, by the Statutory Auditors.

Secretarial Auditor

The Board had appointed KJB & Co. LLP, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Secretarial Audit Report in the Form No. MR – 3 for the year is provided as 'Annexure – D' to this Report.

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

Cost Auditor

The Board has appointed Messrs B. M. Sharma & Associates, Cost Accountants, Pune (Firm's Registration No. 100537) as Cost Auditor of the Company for conducting Cost Audit in respect of Bulk Drugs & Formulations of your Company for the financial year 2020-21.

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

SECRETARIAL STANDARDS

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

LOANS, GUARANTEES & INVESTMENTS

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

RELATED PARTY TRANSACTIONS

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

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

AUDIT COMMITTEE COMPOSITION

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

RISK MANAGEMENT

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

The Company has developed & implemented an integrated Enterprise Risk Management Framework through which it identifies monitors, mitigates & reports key risks that impacts its ability to meet the strategic objectives. The Company's ERM framework is based on the recommendations by the Committee of Sponsoring Organisations (COSO) to further the organisation's endeavor to strengthen ERM framework and processes using best practices. The ERM team engages with all Function heads to identify internal and external events that may have an adverse impact on the achievement of Company's objectives and periodically monitors changes in both internal and external environment leading to emergence of a new threat/risk. These risks are captured in the form of a risk register with all the relevant information such as risk description, root cause and any existing mitigation plans. The risk register is refreshed annually. Risks are categorised into Strategic, Financial, Operational, Compliance & Reputational. ERM risk assessments covering Company's various businesses and functions are a key input for the annual internal audit program. During FY20, the ERM team focused on reviewing effectiveness of actions taken to mitigate certain business, cyber security and other operational risks.

INTERNAL FINANCIAL CONTROLS

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

Global Internal Audit

An independent and empowered Global Internal Audit Function (GIA) at the corporate level with support from a Big 4 / equally reputed audit firm, wherever required, carries out risk-focused audits and reviews across all businesses (both in India and overseas), to ensure that business process controls are adequate and are functioning effectively. These reviews include financial, operational and compliance controls and risk mitigation plans. The Company's operating management closely monitors the internal control environment and ensures that the recommendations are effectively implemented. The Audit Committee of the Board monitors performance of the Internal Audit Function, periodically reviews key findings and provides strategic guidance.

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

CORPORATE SOCIAL RESPONSIBILITY

In compliance with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee. The details of membership of the Committee and the meetings held are detailed in the Corporate Governance Report, forming part of this Report. The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee are available on the website of the Company and can be accessed through the web link: http://www.sunpharma.com/policies.

During the year, the Company has spent ₹43.71 Million which amounts to about 3.24% of the average net profits of the Company in the three preceding financial years. The annual report on CSR activities containing details of expenditure incurred by the Company and brief details on the CSR activities are provided in 'Annexure – F' to this Report.

PUBLIC DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE REPORT

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

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

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

EMPLOYEES' STOCK OPTION SCHEMES

The Company had an Employees' Stock Option Scheme, which was inherited from erstwhile Ranbaxy Laboratories Limited ("Ranbaxy"). The scheme was through Direct Route and had been named as Sun Pharma Employee Stock Option Scheme – 2015. The said scheme has been completed in February 2020.

The Scheme was in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

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

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;

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

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

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

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

CONSOLIDATED ACCOUNTS

The consolidated financial statements for the year ended March 31, 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

CREDIT RATING

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

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

BUSINESS RESPONSIBILITY REPORTING

The Business Responsibility Report of the Company for the year ended March 31, 2020, forms part of the Annual Report and is also made available on the website of the Company at: http://www.sunpharma.com/pdflist/all-documents.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Israel Makov
Chairman
(DIN: 05299764)

Place: Israel
Date: May 27, 2020

Annexure – A

DIVIDEND DISTRIBUTION POLICY

1. OBJECTIVES AND SCOPE:

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

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

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

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

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

The Policy shall not apply to:

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

2. RELEVANT REGULATIONS

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

3. EFFECTIVE DATE

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

4. CATEGORY OF DIVIDENDS

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

5. PAYMENT OF DIVIDEND FROM RESERVES

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

6. CIRCUMSTANCES TO BE CONSIDERED WHILE DETERMINING DIVIDEND PAY-OUT

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

- **Accumulated Losses, if any**

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

- **Operating cash flow of the Company**

  The Board will consider the impact of proposed dividend on the operating cash flow of the Company and shall satisfy itself of its adequacy before taking a decision on whether to declare dividend or retain its profits.

- **Transfer to Reserves and other Statutory Requirements**

  The Board shall examine the implication of relevant statutory requirements including payment of Dividend Distribution Tax, transfer of a certain portion of profits to Reserves etc., if applicable, on the financials of the Company at the time of taking decision with regard to dividend declaration or retention of profit.

- **Covenants with lenders/ Debenture Trustees, if any**

  The decision of dividend pay-out shall also be subject to compliance with covenants contained in any agreement entered into by the Company with the Lenders/ Debenture Trustee's, from time to time, if any.

- **Prudential & Strategic requirements**

  The Board shall analyse the ongoing and prospective projects and strategic decisions including need for replacement of capital assets, expansion and modernisation etc., before recommending Dividend Pay-out for any financial year with an object to build a healthy reserve of retained earnings to augment long term strength and to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company.

- **Expectations of major stakeholders, including small shareholders**

  The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits and/or out of the accumulated profits of the Company, shall, as far as possible, consider the expectations of the major stakeholders including the small shareholders of the Company who generally expect a regular dividend payout.

7. THE FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING/ RECOMMENDING DIVIDEND

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

- **Return on invested capital**

  The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

- **Magnitude of earnings of the Company**

  Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.

- **Cost of borrowings**

  The Board will analyse the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

- **Obligations to creditors**

  The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. The decision of dividend declaration shall be taken after considering the volume of such obligations and time period of repayment.

- **Adequacy of profits**

  If during any financial year, the Board determines that the profits of the Company are inadequate on standalone basis and/or consolidated basis, the Board may decide not to declare dividends for that financial year.

- **Post dividend Earning Per Share (EPS)**

  The post dividend EPS can have strong impact on the funds of the Company, thus, impacting the overall operations on day-today basis and therefore, affects the profits and can impact the decision for dividend declaration during a particular year.

8. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

- **Internal Factors**

  - Product/ Project expansion plan

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

  - General Working capital requirement

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

  - Past performance/ reputation of the Company

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

- **External Factors**

  - Macroeconomic conditions

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

  - Capital Market

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

  - Statutory Restrictions

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

  - Tax implications

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

9. RANGE OF DIVIDEND PAY-OUT

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

10. MANNER OF UTILISATION OF RETAINED EARNINGS

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

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

11. REVIEW AND AMENDMENT

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

Annexure – B

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON MARCH 31, 2020

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	2 Independence Way LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
2.	3 Skyline LLC	USA	Not Applicable	Subsidiary	77.10	2(87)(ii)
3.	Aditya Acquisition Company Ltd.	Israel	Not Applicable	Subsidiary	100.00	2(87)(ii)
4.	Alkaloida Chemical Company Zrt.	Hungary	Not Applicable	Subsidiary	99.99	2(87)(ii)
5.	AO Ranbaxy	Russia	Not Applicable	Subsidiary	100.00	2(87)(ii)
6.	Basics GmbH	Germany	Not Applicable	Subsidiary	100.00	2(87)(ii)
7.	Caraco Pharmaceuticals Private Limited	India	U24100MH2012FTC225970	Subsidiary	100.00	2(87)(ii)
8.	Chattem Chemicals Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
9.	Dusa Pharmaceuticals, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
10.	Faststone Mercantile Company Private Limited	India	U51900MH2006PTC159266	Subsidiary	100.00	2(87)(ii)
11.	Foundation for Disease Elimination and Control of India	India	U85190MH2016NPL286097	Subsidiary	100.00	2(87)(ii)
12.	Green Eco Development Centre Limited	India	U90009GJ2010PLC062892	Subsidiary	100.00	2(87)(ii)
13.	Insite Vision Incorporated	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
14.	JSC Biosintez	Russia	Not Applicable	Subsidiary	100.00	2(87)(ii)
15.	Kakayu Co., Ltd.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
16.	Sun Pharma Laboratorios, S.L.U. (Formerly Laboratorios Ranbaxy, S.L.U.)	Spain	Not Applicable	Subsidiary	100.00	2(87)(ii)
17.	Mutual Pharmaceutical Company Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
18.	Neetnav Real Estate Private Limited	India	U45200MH2010PTC201611	Subsidiary	100.00	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
19.	Office Pharmaceutique Industriel Et Hospitalier	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
20.	Ohm Laboratories Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
21.	One Commerce Drive LLC	USA	Not Applicable	Subsidiary	77.10	2(87)(ii)
22.	OOO "Sun Pharmaceutical Industries" Limited	Russia	Not Applicable	Subsidiary	100.00	2(87)(ii)
23.	Pharmalucence, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
24.	PI Real Estate Ventures, LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
25.	Ranbaxy South Africa (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
26.	Ranbaxy (Malasiya) SDN.BHD.	Malasiya	Not Applicable	Subsidiary	95.67	2(87)(ii)
27.	Ranbaxy (Poland) SP Z.O.O.	Poland	Not Applicable	Subsidiary	100.00	2(87)(ii)
28.	Ranbaxy (Thailand) Co., Ltd.	Thailand	Not Applicable	Subsidiary	100.00	2(87)(ii)
29.	Ranbaxy (U.K.) Limited	UK	Not Applicable	Subsidiary	100.00	2(87)(ii)
30.	Ranbaxy Farmaceutica Ltda.	Brazil	Not Applicable	Subsidiary	100.00	2(87)(ii)
31.	Ranbaxy Holdings (U.K.) Limited	UK	Not Applicable	Subsidiary	100.00	2(87)(ii)
32.	Ranbaxy Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
33.	Ranbaxy Ireland Limited	Ireland	Not Applicable	Subsidiary	100.00	2(87)(ii)
34.	Ranbaxy Italia S.P.A.	Italy	Not Applicable	Subsidiary	100.00	2(87)(ii)
35.	Ranbaxy Nigeria Limited	Nigeria	Not Applicable	Subsidiary	86.16	2(87)(ii)
36.	Ranbaxy Pharmaceuticals (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
37.	"Ranbaxy Pharmaceuticals Ukraine" LLC	Ukraine	Not Applicable	Subsidiary	100.00	2(87)(ii)
38.	Sun Pharma France (Formerly Ranbaxy Pharmacie Generiques)	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
39.	Ranbaxy Signature LLC	USA	Not Applicable	Subsidiary	67.50	2(87)(ii)
40.	Realstone Infra Limited	India	U70109MH2020PLC337007	Subsidiary	100.00	2(87)(ii)
41.	Realstone Multitrade Private Limited	India	U51900MH2006PTC158889	Subsidiary	100.00	2(87)(ii)
42.	Rexcel Egypt LLC	Egypt	Not Applicable	Subsidiary	100.00	2(87)(ii)
43.	Terapia SA	Romania	Not Applicable	Subsidiary	96.81	2(87)(ii)
44.	Skisen Labs Private Limited	India	U73100MH2005PTC150606	Subsidiary	100.00	2(87)(ii)
45.	Softdeal Trading Company Private Limited	India	U51900MH2006PTC159237	Subsidiary	100.00	2(87)(ii)
46.	Sonke Pharmaceuticals Proprietary Limited	South Africa	Not Applicable	Subsidiary	70.00	2(87)(ii)
47.	SPIL De Mexico S.A. DE C.V.	Mexico	Not Applicable	Subsidiary	100.00	2(87)(ii)
48.	Sun Farmaceutica do Brasil Ltda.	Brazil	Not Applicable	Subsidiary	100.00	2(87)(ii)
49.	Sun Laboratories FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
50.	Sun Pharma Laboratories Limited	India	U25200MH1997PLC240268	Subsidiary	100.00	2(87)(ii)
51.	Sun Pharma (Netherlands) B.V.	Netherlands	Not Applicable	Subsidiary	100.00	2(87)(ii)
52.	Sun Pharma ANZ Pty Ltd	Australia	Not Applicable	Subsidiary	100.00	2(87)(ii)
53.	Sun Pharma Canada Inc.	Canada	Not Applicable	Subsidiary	100.00	2(87)(ii)
54.	Sun Pharma DE Mexico S.A. DE C.V.	Mexico	Not Applicable	Subsidiary	75.00	2(87)(ii)
55.	Sun Pharma DE Venezuela, C.A.	Venezuela	Not Applicable	Subsidiary	100.00	2(87)(ii)
56.	Sun Pharma Distributors Limited	India	U51909MH2019PLC322778	Subsidiary	100.00	2(87)(ii)
57.	Sun Pharma East Africa Limited	Kenya	Not Applicable	Subsidiary	100.00	2(87)(ii)
58.	Sun Pharma Egypt Limited	Egypt	Not Applicable	Subsidiary	100.00	2(87)(ii)
59.	Sun Pharma Global FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
60.	Sun Pharma Holdings	Mauritius	Not Applicable	Subsidiary	100.00	2(87)(ii)
61.	Sun Pharma Japan Ltd.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
62.	Sun Pharma Philippines, Inc.	Philippines	Not Applicable	Subsidiary	100.00	2(87)(ii)
63.	Sun Pharma Switzerland Ltd.	Switzerland	Not Applicable	Subsidiary	100.00	2(87)(ii)
64.	Sun Pharmaceutical Industries, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
65.	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	Not Applicable	Subsidiary	72.50	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
66.	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	Not Applicable	Subsidiary	100.00	2(87)(ii)
67.	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	Not Applicable	Subsidiary	100.00	2(87)(ii)
68.	Sun Pharmaceutical Industries S.A.C.	Peru	Not Applicable	Subsidiary	100.00	2(87)(ii)
69.	Sun Pharmaceutical Medicare Limited	India	U36900GJ2017PLC095132	Subsidiary	100.00	2(87)(ii)
70.	Sun Pharmaceutical Peru S.A.C.	Peru	Not Applicable	Subsidiary	99.33	2(87)(ii)
71.	Sun Pharmaceuticals Holdings USA, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
72.	Sun Pharmaceuticals SA (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
73.	Sun Pharmaceuticals France	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
74.	Sun Pharmaceuticals Germany GmbH	Germany	Not Applicable	Subsidiary	100.00	2(87)(ii)
75.	Sun Pharmaceuticals Korea Ltd.	South Korea	Not Applicable	Subsidiary	100.00	2(87)(ii)
76.	Sun Pharmaceuticals Morocco LLC	Morocco	Not Applicable	Subsidiary	100.00	2(87)(ii)
77.	Taro International Ltd.	Israel	Not Applicable	Subsidiary	77.10	2(87)(ii)
78.	Taro Pharmaceutical Industries Ltd.	Israel	Not Applicable	Subsidiary	77.10	2(87)(ii)
79.	Taro Pharmaceutical Laboratories Inc.	USA	Not Applicable	Subsidiary	77.10	2(87)(ii)
80.	Taro Pharmaceuticals Europe B.V.	Netherlands	Not Applicable	Subsidiary	77.10	2(87)(ii)
81.	Taro Pharmaceuticals Inc.	Canada	Not Applicable	Subsidiary	77.10	2(87)(ii)
82.	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	Not Applicable	Subsidiary	77.10	2(87)(ii)
83.	Taro Pharmaceuticals U.S.A., Inc.	USA	Not Applicable	Subsidiary	77.10	2(87)(ii)
84.	The Taro Development Corporation	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
85.	Universal Enterprises Private Limited	India	Not Applicable	Subsidiary	100.00	2(87)(ii)
86.	Zenotech Farmaceutica Do Brasil Ltda	Brazil	Not Applicable	Subsidiary	38.21	2(87)(ii)
87.	Zenotech Inc	USA	Not Applicable	Subsidiary	57.56	2(87)(ii)
88.	Zenotech Laboratories Limited	India	L27100TG1989PLC010122	Subsidiary	57.56	2(87)(ii)
89.	ALPS LLC	USA	Not Applicable	Associate	19.99	2(6)
90.	Artes Biotechnology GmbH	Germany	Not Applicable	Associate	45.00	2(6)
91.	Composite Power Generation LLP	India	Not Applicable	Associate	36.90	2(6)
92.	Dr. Py Institute LLC	USA	Not Applicable	Associate	19.99	2(6)
93.	Generic Solar Power LLP	India	Not Applicable	Associate	28.76	2(6)
94.	HRE II LLC	USA	Not Applicable	Associate	19.99	2(6)
95.	HRE III LLC	USA	Not Applicable	Associate	19.99	2(6)
96.	HRE LLC	USA	Not Applicable	Associate	19.99	2(6)
97.	Intact Pharmaceuticals LLC	USA	Not Applicable	Associate	19.99	2(6)
98.	Intact Media LLC (Formerly Intact Skin Care LLC)	USA	Not Applicable	Associate	19.99	2(6)
99.	Medinstill Development LLC	USA	Not Applicable	Associate	19.99	2(6)
100.	Medinstill LLC	USA	Not Applicable	Associate	19.99	2(6)
101.	Trumpcard Advisors and Finvest LLP	India	Not Applicable	Associate	40.61	2(6)
102.	Vento Power Generation LLP	India	Not Applicable	Associate	40.55	2(6)
103.	Vintage Power Generation LLP	India	Not Applicable	Associate	39.41	2(6)
104.	Tarsius Pharma Ltd.	Israel	Not Applicable	Associate	17.78	2(6)
105.	Intact Solutions LLC	USA	Not Applicable	Associate	19.99	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY AS ON MARCH 31, 2020)

(i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
1) Indian									
a) Individual / HUF	293200513	0	293200513	12.22	293200513	0	293200513	12.22	0.00
b) Central Government / State Government	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	1010366094	12000	1010378094	42.11	1017645248	12000	1017657248	42.41	0.30
d) Financial Institutions / Bank	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (Trusts)	1276774	0	1276774	0.05	1276774	0	1276774	0.05	0.00
Sub-total (A) (1):-	**1304843381**	**12000**	**1304855381**	**54.38**	**1312122535**	**12000**	**1312134535**	**54.69**	**0.30**
2) Foreign									
a) Individuals (NRIs)	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Financial Institutions / Bank	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter* (A)=(A)(1)+(A)(2)	**1304843381**	**12000**	**1304855381**	**54.38**	**1312122535**	**12000**	**1312134535**	**54.69**	**0.30**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	223325669	9342	223335011	9.31	258456542	9342	258465884	10.77	1.46
b) Financial Institutions / Bank	21068879	2293	21071172	0.88	19868852	2293	19871145	0.83	-0.05
c) Central Government / State Government	2820	0	2820	0.00	6430	0	6430	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	166138398	0	166138398	6.92	185031391	0	185031391	7.71	0.79
f) FIIs	677802	15248	693050	0.03	282298	12248	294546	0.01	-0.02
g) Foreign Venture Capital	0	0	0	0.00	0	0	0.00	0.00	0.00
h) Qualified Foreign Investors	0	0	0	0.00	0	0	0.00	0.00	0.00
(i) Any Other (specify)									
Foreign Portfolio Investor (Corporate)	372261678	0.00	372261678	15.52	307018628	0	307018628	12.80	-2.72
Foreign Bank	8928	23789	32717	0.00	8928	4908	13836	0.00	0.00
UTI and its schemes and Funds	3626731	1380	3628111	0.15	4114346	1380	4115726	0.17	0.02
Alternate Investment Funds	1212911	0	1212911	0.05	1844091	0	1844091	0.08	0.03
Sub-total (B)(1):-	**788323816**	**52052**	**788375868**	**32.86**	**776631506**	**30171**	**776661677**	**32.37**	**-0.49**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	89415662	151840	89567502	3.73	87048986	143735	87192721	3.63	-0.10
ii) Overseas	46000	0	46000	0.00	46000	0	46000	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹1 lakh	139147990	8528636	147676626	6.15	139425693	7655503	147081196	6.13	-0.02
ii) Individual Shareholders holding nominal share capital in excess of ₹1 lakh	28686116	288000	28974116	1.21	37714889	0	37714889	1.57	0.36
c) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Others (specify)									
i) Non Resident Indians (Repat)	5427442	279740	5707182	0.24	5798820	266155	6064975	0.25	0.01
ii) Non Resident Indians (Non Repat)	3161429	0	3161429	0.13	3468548	0	3468548	0.14	0.01
iii) Foreign Companies	276965	0	276965	0.01	17713	0	17713	0.00	-0.01
iv) Clearing Member	2938110	0	2938110	0.12	2878967	0	2878967	0.12	0.00
v) Other Directors	3746747	0	3746747	0.16	2618747	0	2618747	0.11	-0.05
vi) Trusts	17502708	0	17502708	0.73	16966085	0	16966085	0.71	-0.02
vii) Foreign Nationals	24636	0	24636	0.00	24992	0	24992	0.00	0.00
viii) Hindu Undivided Family	5263150	0	5263150	0.22	5192817	0	5192817	0.22	0.00
ix) IEPF	1218550	0	1218550	0.05	1271108	0	1271108	0.05	0.00
Sub-total (B)(2):-	**296855505**	**9248216**	**306103721**	**12.76**	**302473365**	**8065393**	**310538758**	**12.94**	**0.18**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**1085179321**	**9300268**	**1094479589**	**45.62**	**1079104871**	**8095564**	**1087200435**	**45.31**	**-0.30**
C. Shares held by Custodian For GDRs & ADRs									
Employee Benefit Trust under SEBI (Share based employee benefit) Regulations, 2014	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	**2390022702**	**9312268**	**2399334970**	**100.00**	**2391227406**	**8107564**	**2399334970**	**100.00**	**0.00**

*includes Promoter Group

(ii) Shareholding of Promoter(s)

Sr. No.	Shareholder's	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the Year
		No. of Shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Mr. Dilip S. Shanghvi	230285690	9.60	0	230285690	9.60	0	0.0

(iii) Change in Promoters' Shareholding

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

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

(Note: Since the 3 promoter group entities/persons are also included here in below, the total list is of top 13 shareholders other than Directors, Promoter and Holders of GDRs and ADRs)

Sr. No.	For Each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Shanghvi Finance Private Limited@	At the beginning of the year	959772578	40.00	959772578	40.00
	Increase / Decrease in Share holding	Various dates during the year*	7279154	0.30	967051732	40.30
		At the end of the year	967051732	40.30	967051732	40.30
2.	Life Insurance Corporation of India and its various Funds	At the beginning of the year	141217558	5.89	141217558	5.89
	Increase / Decrease in Share holding	Various dates during the year*	11667388	0.49	152884946	6.37
		At the end of the year	152884946	6.37	152884946	6.37
3.	ICICI Prudential Value Discovery Fund and various Fund Accounts	At the beginning of the year	82093234	3.42	82093234	3.42
	Increase / Decrease in Share holding	Various dates during the year*	989670	0.04	83082904	3.46
		At the end of the year	83082904	3.46	83082904	3.46
4.	Aditya Medisales Limited@	At the beginning of the year	40153960	1.67	40153960	1.67
		At the end of the year	40153960	1.67	40153960	1.67
5.	Ms. Raksha S. Valia@	At the beginning of the year	33830352	1.41	33830352	1.41
		At the end of the year	33830352	1.41	33830352	1.41
6.	Lakshdeep Investments & Finance (P) Ltd.	At the beginning of the year	31384907	1.31	31384907	1.31
		At the end of the year	31384907	1.31	31384907	1.31
7.	Reliance Capital Trustee Co Ltd. A/C Nippon India Arbitrage Fund and various Fund Accounts	At the beginning of the year	30825848	1.28	30825848	1.28
	Increase / Decrease in Share holding	Various dates during the year*	138025	0.01	30963873	1.29
		At the end of the year	30963873	1.29	30963873	1.29
8.	SBI-ETF Nifty 50 and various Fund Accounts	At the beginning of the year	20203925	0.84	20203925	0.84
	Increase / Decrease in Share holding	Various dates during the year*	5298895	0.22	25502820	1.06
		At the end of the year	25502820	1.06	25502820	1.06
9.	HDFC Trustee Company Ltd. A/C HDFC Balanced Advantage Fund and various Fund Accounts	At the beginning of the year	5966280	0.25	5966280	0.25
	Increase / Decrease in Share holding	Various dates during the year*	18285010	0.76	24251290	1.01
		At the end of the year	24251290	1.01	24251290	1.01
10.	UTI – Nifty Exchange Traded Fund and various Fund Accounts	At the beginning of the year	20347779	0.85	20347779	0.85
	Increase / Decrease in Share holding	Various dates during the year*	1449122	0.06	21796901	0.91
		At the end of the year	21796901	0.91	21796901	0.91
11.	Aditya Birla Sun Life Trustee Private Limited a/c Aditya Birla Sun Life Equity Fund and various Fund Accounts	At the beginning of the year	5483904	0.23	5483904	0.23
	Increase / Decrease in Share holding	Various dates during the year*	16131643	0.67	21615547	0.90
		At the end of the year	21615547	0.90	21615547	0.90
12.	Government Pension Fund Global	At the beginning of the year	10495902	0.44	10495902	0.44
	Increase / Decrease in Share holding	Various dates during the year*	11036499	0.46	21532401	0.90
		At the end of the year	21532401	0.90	21532401	0.90
13.	Government of Singapore	At the beginning of the year	33024981	1.37	33024981	1.37
	Increase / Decrease in Share holding	Various dates during the year*	(13724801)	(0.57)	19300180	0.80
		At the end of the year	19300180	0.80	19300180	0.80

Note: Shareholding has been consolidated on PAN basis.

@Forming part of promoter group/ person acting in concert.

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

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

Sr. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Israel Makov	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
2.	Mr. Dilip S. Shanghvi	At the beginning of the year	230285690	9.60	230285690	9.60
		At the end of the year	230285690	9.60	230285690	9.60
3.	Mr. Sudhir V. Valia	At the beginning of the year	14345019	0.60	14345019	0.60
		At the end of the year	14345019	0.60	14345019	0.60
4.	Mr. Sailesh T. Desai	At the beginning of the year@	3738747	0.16	3738747	0.16
	Increase / Decrease in Share holding	Various dates during the year$	(1128000)	0.05	2610747	0.11
		At the end of the year@	2610747	0.11	2610747	0.11
5.	Mr. Kalyanasundaram Subramanian	At the beginning of the year	201	0.00	201	0.00
	Increase / Decrease in Share holding	Various dates during the year$	(201)	0.00	0	0
		At the end of the year	0	0	0	0
6.	Ms. Rekha Sethi	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
7.	Mr. Vivek Chaand Sehgal	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
8.	Mr. Gautam Doshi	At the beginning of the year	8000	0.00	8000	0.00
		At the end of the year	8000	0.00	8000	0.00
9.	Mr. C.S. Muralidharan	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
10.	Mr. Sunil Ajmera	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0

@ includes shares transferred as margin, if any

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

V. INDEBTEDNESS

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

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits[1]	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	108.2	64,258.2	97.4	64,463.8
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due[2]	10.2	84.2	-	94.4
Total (i+ii+iii)	**118.4**	**64,342.4**	**97.4**	**64,558.2**
Change in Indebtedness during the financial year				
Addition: Principal Amount[3]/[4]	-	109,854.2	-	109,854.2
Reduction: Principal Amount	-	112,373.6	13.0	112,386.6
Change: Addition / (Reduction) in Interest accrued but not Due	(10.2)	(37.6)	-	(47.8)
Net Change	**(10.2)**	**(2,557.0)**	**(13.0)**	**(2,580.2)**
Indebtedness at the end of the financial year				
i) Principal Amount	108.2	61,738.8	84.4	61,931.4
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due[2]	-	46.6	-	46.6
Total (i+ii+iii)	**108.2**	**61,785.4**	**84.4**	**61,978.0**

Above schedule does not include lease liability as per Ind AS 116.

Notes:

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

[2] Interest accrued but not due on borrowings.

[3] Includes effect of exchange rate changes during the year.

[4] Ind AS adjustment during the year of External commercial borrowing & Commercial paper are shown as addition in principal amount.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager for the year ended March 31, 2020: (As per Form 16)

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. Dilip S. Shanghvi	Mr. Sudhir V. Valia*	Mr. Sailesh T. Desai	Mr. Kalyana-sundaram Subramanian#	Total Amount
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	32358000	60534676	13329396	43935583	150157655
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	243900	13200	695619	39600	992319
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-		-
2.	Stock Option	-	-	-		-
3.	Sweat Equity	-	-	-		-
4.	Commission - as % of profit	-	-	-		-
5.	Others, please specify	-	-	-		-
	Total (A)	**32601900**	**60547876**	**14025015**	**43975183**	**151149974**
	Ceiling as per the Act: ₹3,024 Million (10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

Note:

* Mr. Sudhir Valia was a Whole-time Director upto May 29, 2019. He stepped down from the position of Whole-time Director of the Company and became a Non-Executive Non-Independent Director of the Company with effect from May 29, 2019. The remuneration to him for the year 2019-20 includes Salary and the following amounts paid at the time of full and final settlement: PL encashment of ₹15,054,320 and Gratuity of ₹38,891,827 which is being reimbursed by LIC as per policy.

Amount paid towards sitting fees for the meetings attended by Mr. Sudhir Valia as Non-executive Director i.e. after May 29, 2019 is included under point no. VI B.

Mr. Kalyanasundaram Subramanian's remuneration is with effect from July 04, 2019 till March 31, 2020

B. Remuneration to other directors for the year ended March 31, 2020:

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

(Amount in ₹)

Sr. No.	Particulars	Name of Directors					Total Amount
		Ms. Rekha Sethi	Mr. Vivek Chaand Sehgal	Mr. Gautam Doshi	Mr. Sudhir V. Valia*	Mr. Israel Makov	
		(1)	(2)	(3)	(4)	(5)	(1) to (5)
1.	**Independent Directors**						
	Fee for attending board / committee meetings	1900000	600000	2100000	-	-	4600000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**1900000**	**600000**	**2100000**	**0**	**0**	**4600000**
2.	**Other Non-Executive Directors**						
	Fee for attending board / committee meetings	-	-	-	900000	1000000	1900000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	**0**	**0**	**0**	**900000**	**1000000**	**1900000**
	Total (B) = (1+2)	**1900000**	**600000**	**2100000**	**900000**	**1000000**	**6500000**
	Overall ceiling as per the Act:	Not applicable since no commission was paid during the year. Sitting Fee is ₹100,000 for each meeting of the Board /Committee attended by the Director except for Corporate Governance and Ethics Committee for which the sitting fee is ₹50,000 for each meeting					
	Total Managerial Remuneration (A+B):						**157649974**

* Amount paid towards sitting fees for the meetings attended by Mr. Sudhir Valia after May 29, 2019 as a Non-Executive Director.

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

(As per Form 16, on actual payment basis)

(₹ in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Sunil Ajmera (Company Secretary)	Mr. C.S. Muralidharan (Chief Financial Officer)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	13.98	38.10	52.08
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.79	0.82
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5.	Others, please specify	-	-	-
	Total	**14.01**	**38.89**	**52.90**

VII. PENALTIES / PUNISHMENT / COMPUNDING OF OFFENCES AGAINST COMPANY, DIRECTORS AND OTHER OFFICERS IN DEFAULT: NIL

For and on behalf of the Board of Directors

Place: Israel
Date: May 27, 2020

Israel Makov
Chairman
(DIN: 05299764)

Annexure – C

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

(i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the FY20 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the FY20:

Name of Director and Key Managerial	Designation	Ratio of remuneration[a] of each Director to median remuneration of employees	Increase/ (decrease) in Remuneration[a] in the FY20 (in percentage)
Directors:			
Mr. Israel Makov	Non-executive Chairman	1.98	11.1
Mr. Dilip S. Shanghvi	Managing Director	64.65	(Refer Note 1)
Mr. Sailesh T. Desai	Whole-time Director	27.81	14.7 (Refer Note 2)
Mr. Kalyanasundaram Subramanian[b]	Whole-time Director	87.21	NA
Mr. Sudhir V. Valia	Non-executive and Non-Independent Director	121.86 (Refer Note 3)	(Refer Note 3)
Ms. Rekha Sethi	Non-executive Independent Director	3.77	26.7
Mr. Vivek Chaand Sehgal	Non-executive Independent Director	1.19	0.0
Mr. Gautam Doshi	Non-executive Independent Director	4.16	61.5
Key Managerial Personnel:			
Mr. C.S. Muralidharan	Chief Financial Officer	Not Applicable	18.5 (Refer Note 4)
Mr. Sunil Ajmera	Company Secretary	Not Applicable	2.2

(a) Remuneration to Non-Executive Directors consists only of sitting fees and is based on the number of meetings attended during the year. No commission was paid to Non-Executive Directors for the year 2019-20.

(b) Mr. Kalyanasundaram Subramanian was not paid any remuneration from the Company as Whole-time Director upto July 03, 2019. Due to change in his roles and responsibilities, the Nomination and Remuneration Committee and Board of Directors approved payment of remuneration to Mr. Kalyanasundaram Subramanian w.e.f. July 04, 2019 till the remaining term of his appointment upto February 13, 2021 and his remuneration was also approved by the members at 27th Annual General Meeting of the Company held on August 28, 2019. Since no remuneration was paid to him in the FY19, the percentage increase/decrease in remuneration cannot be calculated. Further, the ratio mentioned in the above table has been calculated on the basis of remuneration paid to him from July 04, 2019 to March 31, 2020.

Note 1:

The increase in remuneration of Mr. Dilip Shanghvi for the FY20 and FY19 are not comparable as the salary drawn by him in the FY19 was ₹1/- (excluding notional perquisite amount of ₹262,800).

Note 2:

The increase of 14.7% in remuneration of Mr. Sailesh Desai is calculated on the basis of Form 16 for 2019-20 as compared to 2018-19 and is due to the LTA of previous year paid in the current year and increase in the notional value of perquisite as per Income Tax Act, however the actual increase in his total remuneration for the year 2019-20 was 9.0%.

Note 3:

The increase in remuneration of Mr. Sudhir V. Valia for the FY20 and FY19 are not comparable as the salary drawn by him in the FY19 was ₹1/- (excluding notional perquisite amount of ₹79,200) Also in 2019-20 Mr. Sudhir Valia had stepped down from the position of Whole-time Director of the Company with effect from May 29, 2019 and he became a Non-Executive Non-Independent Director of the Company thereafter. The amount of ₹60,547,876 paid to him at the time of full and final settlement in 2019-20 includes ₹15,054,320 paid towards PL encashment and ₹38,891,827 paid towards Gratuity (which is being reimbursed by LIC as per policy). Further, an amount of ₹900,000 was paid to him towards sitting fees for the meetings attended by him as Non-executive director.

Note 4:

The increase of 18.5% in remuneration of Mr. C.S. Muralidharan is calculated on the basis of Form 16 for 2019-20 as compared to 2018-19 and is due to Bonus/LTA of the previous year paid in the current year, however the actual increase in his total remuneration for the year 2019-20 was 7.1%

ii) The percentage increase in the median remuneration of employees in the FY20 (Median -2020/Median 2019): 4.91%

(iii) The number of permanent employees on the rolls of the Company as on March 31, 2020: 17759

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

Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year ending March 31, 2020 was approximately 10.26%. Considering the explanation given under Note 1, 2, and 3 to point no. (i) above, the average increase in the managerial personnel remuneration was 9.0%, which is the percentage increase for Mr. Sailesh Desai, Whole-time Director. Further, the current year's managerial remuneration when compared to the last full drawn remuneration i.e. for the year 2017-18, the average increase would also be 9.0%.

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

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

For and on behalf of the Board of Directors

Israel Makov
Chairman
(DIN: 05299764)

Place: Israel
Date: May 27, 2020

Annexure – D

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020.
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020, according to the provisions of:

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

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

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

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

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

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

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

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

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

   e. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;

   f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not applicable to the Company for the year under review**;

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

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

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

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

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

We further report that:

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

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

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

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

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

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

We further report that, during the period under review, the Board of Directors had approved the Buy-back by the Company of its equity shares of ₹1/- each from the Open Market through stock exchange mechanism as prescribed under the SEBI (Buy-back of Securities) Regulations, 2018 at a price not exceeding ₹425/- per equity share for an aggregate amount of ₹1,700 Crores. The said Buy-back process commenced from March 26, 2020.

Note: We relied on the representation made to us by the management wherever required due to several restrictions imposed by the Central and State government on the travel, movement and transportation considering public health and safety measures due to Covid-19, which had impact on the audit assessment due to limited access to information / documents / data as required for audit assessment.

For KJB & CO LLP,
Practicing Company Secretaries

Alpeshkumar Panchal
Partner
Mem No. - 49008
C.P. No. - 20120
UDIN: A049008B000288381
Date: 27th May 2020
Place: Mumbai.

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

Annexure 1 to Secretarial Audit Report

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KJB & CO LLP,
Practicing Company Secretaries

Alpeshkumar Panchal
Partner
Mem No. - 49008
C. P. No. - 20120
UDIN: A049008B000288381
Date: 27th May 2020
Place: Mumbai.

Annexure – E

AOC - 2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis -** NIL
2. **Details of material contracts or arrangement or transactions (i.e. exceeding ten percent of the annual consolidated turnover as per the last audited financial statements) at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, as on March 31, 2020 if any:
1.	Sun Pharma Laboratories Limited (Wholly owned subsidiary)	Purchase of goods, property, plant & equipment, Revenue from contracts with customers (net of returns), Sale of property, plant & equipment and investments, Dividend Income, Receiving and Rendering of Service, Reimbursement of expenses paid and expenses received, Loan taken and repaid, Interest expense, Payment towards Lease liabilities and Rent income	On-going	The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the FY20 was ₹75,351.4 Million	Since these transactions were in the ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil
2.	Sun Pharma Distributors Limited (Wholly owned subsidiary)	Revenue from contracts with customers (net of returns), Reimbursement of expenses received, Interest Income, and Rent income including Deposit amount	On-going	The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the FY20 was ₹37,002.7 Million	Since these transactions were in the ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil

For and on behalf of the Board of Directors

Israel Makov
Chairman
(DIN: 05299764)

Place: Israel
Date: May 27, 2020

Annexure – F

Annual Report on Corporate Social Responsibility (CSR) Activities for the FY20

Details	Particulars
1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken	The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The Company has identified health, education & livelihood, environment protection, water management and disaster relief as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass root level during the year.
2. Reference to the web-link to the CSR policy and projects or programmes	The contents of CSR policy can be accessed through the web link http://www.sunpharma.com/policies and details on projects and programmes are forming part of this Annual Report
3. Composition of the CSR Committee	Mr. Dilip S. Shanghvi, Chairman, Mr. Sudhir V. Valia, Member and Ms. Rekha Sethi, Member
4. Average net profit of the Company for last three financial years	₹1,349.27 Million
5. Prescribed CSR Expenditure (two percent of the amount as in item 4 above)	₹26.99 Million
6. Details of CSR spend for the financial year:	
a) Total amount spent for the financial year	₹43.71 Million
b) Amount unspent, if any	Nil
c) Manner in which the amount spent during the Financial year	Details given below

(₹ in Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1. Local Area or other 2. Specify the State and District where projects or programmes were undertaken	Amount Outlay (Budget) Project or Programme wise	Amount spent on the projects or programmes (Direct Expenditure)	Overhead Expenditure	Cumulative Expenditure upto to the reporting period	Amount spent Directly or through implementing agency
1	Mobile Healthcare Unit Programme	Healthcare under Item No.(i)	Ahmednagar (Ahmednagar, Maharashtra), Halol (Panchmahal, Gujarat), Mohali (SAS Nagar, Punjab), Toansa (SBS Nagar, Punjab), Paonta Sahib (Sirmour, Himachal Pradesh), Dewas (Dewas, Madhya Pradesh), Panoli (Bharuch, Gujarat), Ankleshwar (Bharuch, Gujarat), Karkhadi (Vadodara, Gujarat), Malanpur (Bhind, Madhya Pradesh) and Madurantakam (Kanchipuram, Tamilnadu)	33.32	23.72	0.81	115.55	Implementing Agency: Sun Pharma Community Healthcare Society
2	Education Programme	Education under Item No.(ii)	Ahmednagar (Ahmednagar, Maharashtra), Panoli (Bharuch, Gujarat), Madurantakam (Kanchipuram, Tamilnadu), Vadodara (Vadodara, Gujarat), Malanpur (Bhind, Madhya Pradesh), Dewas (Dewas, Madhya Pradesh), Karkhadi (Vadodara, Gujarat), Ankleshwar (Bharuch, Gujarat), Silvassa (UT of Dadra and Nagar Haveli), Halol (Panchmahal, Gujarat), Paonta Sahib (Sirmour, Himachal Pradesh) and Toansa (SBS Nagar, Punjab)	5.04	4.46	0.64	15.86	Directly and Implementing Agency: SVADES
3	Navya Online Expert Opinion Service Project	Healthcare under Item No. (i)	Mumbai (Mumbai, Maharashtra)	4.25	4.25	0.00	4.25	Implementing Agency: Tata Memorial Centre

(₹ in Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programmes 1. Local Area or other 2. Specify the State and District where projects or programmes were undertaken	Amount Outlay (Budget) Project or Programme wise	Amount spent on the projects or programmes (Direct Expenditure)	Overhead Expenditure	Cumulative Expenditure upto to the reporting period	Amount spent Directly or through implementing agency
4	Promotion of Scientific Medical & Pharma Research Outcomes for Public Health Improvement	Education under Item No.(ii)	New Delhi (Delhi)	6.00	2.55	0.00	2.55	Implementing Agency: Sun Pharma Science Foundation
5	Rural Development Programme	Rural Development Project under Item No. (x)	Madurantakam (Kanchipuram, Tamilnadu), Halol (Panchmahal, Gujarat) and Paonta Sahib (Sirmour, Himachal Pradesh)	1.83	1.80	0.41	6.72	1) Directly 2) Implementing Agency : (a) Gramin Vikas Trust and (b) SVADES
6	School Toilet Construction Project	Healthcare under Item No. (i)	Ahmednagar (Ahmednagar, Maharashtra), and Halol (Panchmahal, Gujarat)	1.89	1.87	0.00	1.87	1) Directly 2) Implementing Agency : Anarde Foundation
7	Environment Conservation Programme	Environment under Item No.(iv)	Panoli (Bharuch, Gujarat), Paonta Sahib (Sirmour, Himachal Pradesh), Mohali (SAS Nagar, Punjab) and Vadodara (Vadodara, Gujarat)	1.54	1.16	0.00	4.11	Directly
8	Healthcare Programme	Healthcare under Item No. (i)	Toansa (SBS Nagar, Punjab), Madurantakam (Kanchipuram, Tamilnadu), Vadodara (Vadodara, Gujarat) and Dadra (UT of Dadra and Nagar Haveli)	0.73	0.68	0.05	1.78	1) Directly 2) Implementing Agency : (a) Rogi Kalyan Samiti, (b) Human Welfare Charitable Trust (c) Citizen Blood Donation Society
9	Sanitation Programme	Healthcare under Item No. (i)	Madurantakam (Kanchipuram, Tamilnadu)	0.57	0.49	0.00	14.31	Directly
10	Drinking Water Programme	Drinking Water under Item No. (i)	Ahmednagar (Ahmednagar, Maharashtra), Toansa (SBS Nagar, Punjab), and Paonta Sahib (Sirmour, Himachal Pradesh)	0.88	0.32	0.00	0.94	Directly
11	Water Conservation Project	Environment under Item No.(iv)	Karkhadi (Vadodara, Gujarat) and Madurantakam (Kanchipuram, Tamilnadu)	0.31	0.31	0.00	1.93	Directly
12	Children Eye Health Initiative project	Healthcare under Item No. (i)	Vadodara (Vadodara, Gujarat)	0.15	0.13	0.00	0.13	Directly
13	Disaster Relief Programme (Covid-19)	Disaster relief under Item No. (xii)	Madurantakam (Kanchipuram, Tamilnadu)	0.06	0.06	0.00	1.28	Directly
				Sub-total	**41.80**	**1.91**	**171.28**	
14	CSR Projects Completed During Previous Years	-	-	-	-	-	126.07	
				Total	**41.80**	**1.91**	**297.35**	

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

Dilip S. Shanghvi
Chairman - CSR Committee and Managing Director
(DIN: 00005588)

Sudhir V. Valia
Member - CSR Committee and Director
(DIN: 00005561)

Place: Mumbai
Date: May 26, 2020

CSR Activities

Sun Pharmaceutical Industries Limited ("Sun Pharma") has been working on Corporate Social Responsibility having passion and perseverance in foraying the neon ways of serving, enriching and inflating the social benefits to downtrodden and unprivileged sections of society residing in the vicinity of our business operations and also in many other remote and rural areas in India.

Sun Pharma has initiated various CSR Programmes compartmentalised into thematic areas identified during Community Need Assessment.

The Company has formulated CSR policy for driving its CSR programme for community benefits. These projects are focussed towards downtrodden, unprivileged and lower strata of society. All activities are aligned with the item-areas mentioned in the Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. Sun Pharma's Corporate Social Responsibility initiatives focus on following thematic areas:

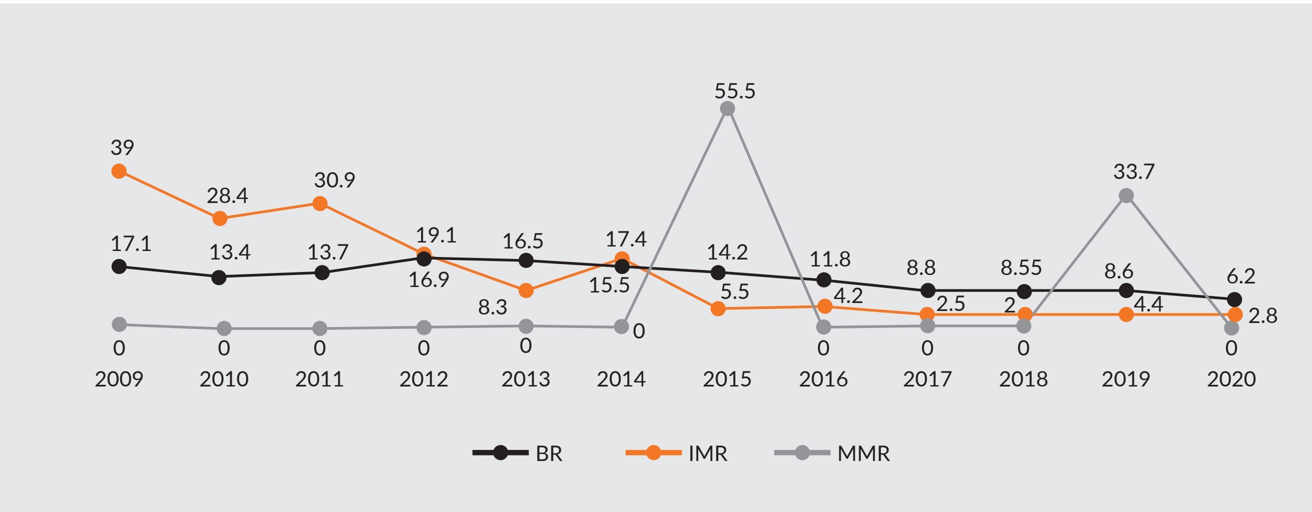
- Healthcare Programme
- Education Programme
- Rural Development Programme
- Environment Conservation Programme
- Sanitation Programme
- Drinking Water Project and
- Disaster Relief Programme

In FY 19-20, the Company has invested ₹43.71 Million for the implementation of following CSR programmes and projects.

1. MOBILE HEALTHCARE UNIT PROGRAMME:

Mobile Healthcare Unit (MHU) programme provides basic healthcare services at the doorstep of communities residing in remote, underserved and unreached areas. Our MHU van is equipped with common medicines, First-aid materials and basic diagnostic equipment. The main aim of MHU is to provide services under different thematic areas such as Maternal Health, Neonatal and Infant Health, Child and Adolescent health, Reproductive Health and Contraceptive Services, Prevention and control of Communicable and Non-Communicable diseases. MHU vans are covering 186 villages of Halol, Panoli, Karkhadi, Ankleshwar, Mohali, Toansa, Paonta Sahib, Dewas, Malanpur, Ahmednagar, and Madurantakam and work in close co-ordination with Government's Health Department. During the FY 19-20, our MHUs has benefitted 144,343 patients by way of Clinical treatment and 65,382 villagers through Preventive & Promotive healthcare with an investment of ₹24.53 Million.

Project Indicators and Achievements



Source : Sun Pharma Community Healthcare Society Data 2019-20

Indicators	NFHS-4
Infant Mortality Rate (IMR)	41
Maternal Mortality Rate (MMR)	167
Birth Rate (BR)	19

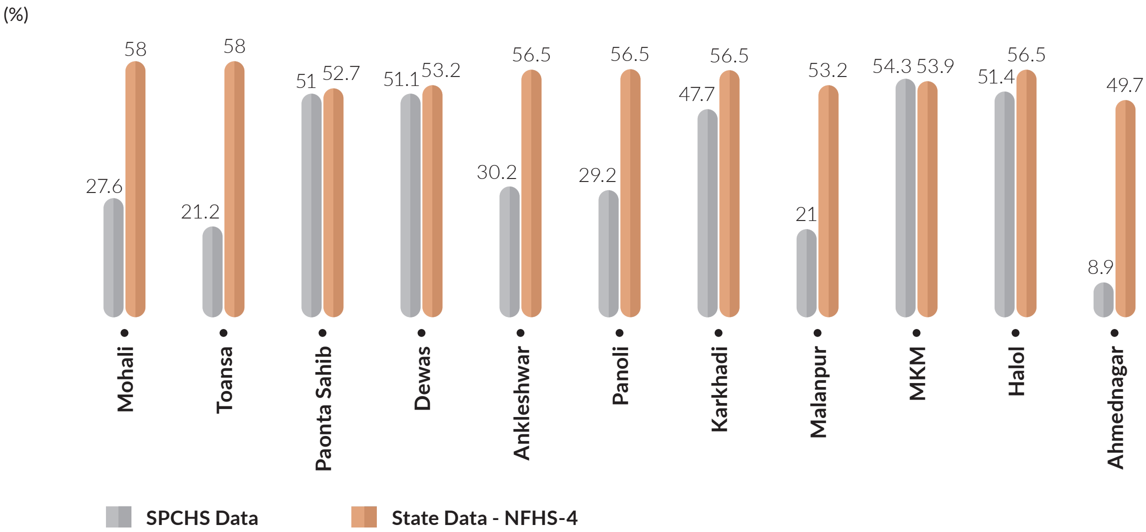
Source : NFHS- 4 (National Family Health Survey-4)

Adolescent Anemia:

It is one of project components in which substantial achievement was seen due to collective efforts by Mobile Healthcare Team at ground level. Project intervention on adolescent anaemia was addressed to by distribution of IFA (Iron and Folic Acid) amongst adolescent girls aged 10-19 years, which has resulted in reducing adolescent anaemia in our project areas at almost all locations.

All Figures are in percentage

Adolescent Anemia



Source: Sun Pharma Community Healthcare Society Data 2019-20 and Latest NFHS- 4 'National Family Health Survey-4.

2. EDUCATION PROGRAMME:

Sun Pharma has initiated Education Programme to improve the educational standards in identified schools under the Model School Development Project. This is a rolling-year project to develop identified schools as a Model School and to upgrade educational facilities such as Infrastructure Up-gradation, digital classroom, Provision of potable drinking water for the students, distribution of stationary items, book donation, celebration of school-based activities etc. Main Objective is to inculcate interest amongst students to increase attendance rate and reducing drop-out rates in schools. The following projects were carried out during FY 19-20.

- Construction of two school classrooms at Ahmednagar (Maharashtra)

- Installation of solar roof-top grid in Govt. school at Ahmednagar (Maharashtra)

- Digital Classroom in 4 Government schools of Halol and Karkhadi in Gujarat and Madurantakam in Tamilnadu.

- Remedial Classes for Students of 12th std., Halol, Gujarat

- Skill development and computer training to the women, girls and youth at Malanpur, Madhya Pradesh and Vadodara, Gujarat.

- Infrastructure up-gradation in various Government schools of Halol, Panoli, Ahmednagar, Dewas, and Madurantakam.

The project has benefitted 4625 Students, 150 other beneficiaries and community with an investment of ₹5.10 Million.

3. NAVYA ONLINE EXPERT OPINION SERVICE PROJECT:

Sun Pharma has sponsored 500 cancer patients to receive expert opinions online from Tata Memorial Centre-Navya. This is an Expert Opinion Service, which is an online platform to provide a second opinion of oncologists to cancer patients with an objective to provide quick and early treatment plans for the individuals which can significantly improve the health outcome. These patients would not have otherwise had access to, or been able to afford, high-quality expert treatment plans to improve their chances of cure. Navya Network provides expert opinions to cancer patient with an objective to impart low cost and effective treatment decisions while saving healthcare costs of the individual. The project has benefitted 100 socio-economically disadvantaged patients (up to March end) all over India with leading cancer specialists at Tata Memorial Center and other expert centers through the investment of ₹4.25 Million during FY 19-20.

4. PROMOTION OF SCIENTIFIC MEDICAL & PHARMA RESEARCH OUTCOMES FOR PUBLIC HEALTH IMPROVEMENT:

The project focused upon promotion and awareness of latest medical and pharmaceutical research outcomes, subject updates and all related development focused upon National Public Health Concerns for humanitarian causes and benefits by organising seminar, symposia and rewarding excellence in pharmaceutical research. During FY 19-20, 153 people were benefitted under this programme. The company has spent ₹2.55 Million during the FY 19-20.

5. RURAL DEVELOPMENT PROGRAMME:

Sun Pharma has been working towards development of basic infrastructural development in rural areas under Rural Development Programme. This project has benefitted neighbouring communities through various projects such as Construction of Mini water tanks, Installation of solar street lights, Construction of cattle trough and cloth washing station, Maintenance of cricket playground, Construction of Anganwadi center, Setting-up Traffic Blinkers, Construction of community hall. 1070 Households have been benefitted under various Infrastructure development work in villages. Furthermore, 165 women & children have been benefitted through Anganwadi Development Project under this programme. The company has invested ₹2.21 Million during the FY 19-20.

6. SCHOOL TOILET CONSTRUCTION PROJECT:

Sun Pharma believes that quality education can happen in a clean and healthy environment. The 'Swachh Bharat, Swachh Vidyalaya Abhiyan', launched by the Government aims to improve hygiene and sanitation across schools through improved water and sanitation facilities. In this financial year, company has constructed Toilet Block facilities for girl students in rural schools.

The main objective of the project was:

- To inculcate healthy and hygienic behaviour in girl students.
- To reduce the drop-out rate among girl students.
- To create awareness regarding use of toilets by promoting good sanitation practices, etc.
- To improve hygiene and ensure safety of girl student.

The project was implemented in five Government schools based at Halol (Gujarat) and one Govt. School based at Ahmednagar (Maharashtra). The project has benefitted 714 girl students with an investment of ₹1.87 Million during the FY 19-20.

7. ENVIRONMENT CONSERVATION PROGRAMME:

Environment Conservation Programme, focused upon Greenbelt development towards environment sustainability and awareness generation in schools and communities for sensitizing people towards importance and conservation of environment.
The following activities were implemented under Environment Conservation Programme:

- Awareness generation was conducted in Mohali (Punjab) and Paonta Sahib (Himachal Pradesh) under "Say No to Plastic" and cloth and jute bags were distributed in the community.

- Plantation of saplings and its maintenance work at Vadodara (Gujarat), Ahmednagar (Maharashtra), Panoli (Gujarat) and Madurantakam (Tamilnadu) to ensure environment conservation.

The programme involved an investment of ₹1.16 Million during the FY 19-20.

8. HEALTHCARE PROGRAMME:

The Company has been implementing different healthcare programmes for benefit towards humanitarian causes. Following key projects were identified and implemented in different areas of Maharashtra, Gujarat and Punjab:

a) **Kidney Dialysis treatment:** The Company has supported Kidney dialysis treatment of poor patients. During the year, the project has benefitted 204 patients from Gujarat and Maharashtra.

b) **Support in Establishment of X-Ray Centre:** The project was implemented at Vadodara (Gujarat). The Company has supported establishment of X-ray Centre in a Charitable Hospital for treatment of underprivileged community. The project has benefitted more than 2000 poor and deprived patients in the area.

c) **Blood Donation:** Support to local blood bank society at Vadodara, Gujarat for promoting blood donation for people in need.

d) **Maintenance of Subsidiary Health Centre:** The Company has renovated and maintaining a dispensary in Toansa (Punjab), which covers population of nearby three villages Bholewal, Toansa and Railmajra in Punjab. The project aims at delivering primary healthcare services, provision of medicines, medical camps and awareness generation programmes.

The project has benefitted 6530 beneficiaries in last financial year. During the FY 19-20, the Company has invested ₹0.73 Million for the implementation of various healthcare projects and awareness generation programme.

9. SANITATION PROGRAMME:

Sun Pharma has implemented this project with an objective to promote better health, hygiene and improve quality of life of rural communities. The main focus of this project is to construct Individual household toilet blocks and to conduct IEC activities regarding awareness of good sanitation practices. During last five years, Sun Pharma has facilitated construction of more than 1800 Individual Toilet Blocks and mobilised Local Gram Panchayat to extend water facilities to use these toilets in proper manner. With the support of all local bodies and Government Authorities, Sun Pharma has made 13 villages ODF during last 5 years. During the financial year 19-20, the Company has benefitted 60 rural households from Madurantakam, Tamilnadu by investing ₹0.49 Million in this programme.

10. DRINKING WATER PROJECT:

Sun Pharma has been supporting towards provision of safe and potable drinking water to reduce waterborne diseases and also to bring about health improvement in communities living in rural areas of Ahmednagar (Maharashtra), Toansa (Punjab) and Paonta (Himachal Pradesh). The Company has provided water storage tanks at Ahmednagar, whereas, deep bore-well based drinking water supply system is being maintained at Toansa throughout the year. Further, drinking water supply system has been renovated and restored at Paonta (Himachal Pradesh) under this programme. The project is benefitting 2263 households with an investment of ₹0.32 Million during the FY 19-20.

11. WATER CONSERVATION PROJECT:

The Projects have been supported in view of water scarcity in our rural areas. The main objective of the project is to harvest rain water for onward use by the community. Sun Pharma has facilitated development of rain water harvesting system in all public buildings in the Karunkuzhi Panchayat at Madurantakam (Tamilnadu) by providing plastic drums to install cost effective RWH system. A potential water reservoir was cleaned for capacity enhancement and at Karkhadi (Gujarat). The project has benefitted more than 10,000 households and community at large with an investment of ₹0.31 Million during the FY 19-20.

12. CHILDREN EYE HEALTH INITIATIVE PROJECT:

Keeping in view that one in every four school-going student is suffering from refractive error and has some kind of vision problem, consequently, Children Eye Health Initiative project was initiated to implement in identified schools. The main focus of the project is to conduct basic eye health screening of students and providing them free spectacles to students suffering with any kind of refractive error. During the last financial year, screening of total 1786 students was completed, out of which 602 students were identified with low vision and were provided with ready-made and tailor-made spectacles. The project involves an investment of ₹0.13 Million during the FY 19-20.

13. DISASTER RELIEF PROGRAMME (COVID-19):

The outbreak of Coronavirus disease has been declared as world pandemic by WHO in March '20. Therefore, creating awareness amongst local people to adapt measures to prevent spread of coronavirus became key priority of the Company. Along with awareness generation programme, the Company has distributed food packets in rural communities of Madurantakam, Tamilnadu. The Company has invested ₹0.06 Million during the FY 19-20.

CSR Awards and Accolades received during the year:

1. **ACEF Asian Leadership Forum and Awards:**
   September 28, 2019
   Sun Pharma's CSR project, Mobile Healthcare Unit was recognised as the Best Public Health Initiative by ACEF Asian Leadership Forum.

2. **CSR Leadership Award:**
   October 15, 2019
   Sun Pharma was conferred upon "Excellent CSR Interface Award" at 2nd National CSR Leadership Summit and Awards 2019 organised by CMAI.

3. **Best CSR Award:**
   February 29, 2020
   Sun Pharma was conferred upon "Best CSR Award" under large scale CSR category at Amity CSR Conclave 2020.

4. **India Pharma Best Corporate Social Responsibility Programme of the year Award:**
   March 5, 2020
   Sun Pharma won "India Pharma Corporate Social Responsibility Programme of the year Award" at Gandhinagar on March 5, 2020.

Annexure – G

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

A. CONSERVATION OF ENERGY

1. Steps taken or impact on Conservation of Energy

- New solid fuel fired boiler installed instead of fossil fuel boiler.
- Improve steam to fuel ratio by condensate recovery, flash recovery, boiler blow down heat recovery & steam trap uptime.
- Use of Heat pump instead of steam for hot water generation.
- Hot water generation system for process is changed to plate heat exchangers from direct live steam heating.
- Power factor is improved at various sites.
- Contract demand is reduced at various sites.
- Installed closed loop energy efficient pumps instead of open loop pumps.
- Replaced reciprocating air compressor by energy efficient screw compressor.
- High capacity (above 20 KW) continuously operated motors are replaced with energy efficient IE3 motors.
- Designed high static pumps are optimised to current capacities there by substantial saving in pumping cost.
- Ejectors are replaced with dry vacuum pumps to optimise the impact on environmental load.
- Auto condenser tube cleaning by automised process to optimise the Chiller condenser cleaning for improved efficiency.
- Synchronisation of electrical power distribution system for optimum utilisation of resources like, Transformers, Diesel Generators, etc.

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

- Conventional fuel like furnace oil /high speed diesel are replaced with biomass briquettes (Carbon Neutral) fuel for Steam generation at various locations.
- In MKM Chennai –Power is partly sourced from the wind mills.
- In Gurgaon plant –Power is partly sourced from rooftop solar.
- In Dewas plant –Power is partly sourced from solar energy.

3. Capital investment on energy conservation equipments

Capital investment of ₹120 Million has been made on energy conservation equipments.

B. TECHNOLOGY ABSORPTION

(A) Research and Development

Expenditure on R&D –

(₹ in Million)

	Year ended March 31, 2020	Year ended March 31, 2019
Capital	305.4	590.9
Revenue	9,897.5	9,029.9
Total	**10,202.9**	**9,620.8**
Total R&D expenditure as % of Total Turnover	**8.6%**	**9.8%**

(B) Technology Absorption, Adaptation and Innovation

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

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

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

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

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

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

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

   (b) For FY20, 67 formulations were developed and filed from our R&D locations for the Indian and regulated markets and 183 dossiers were submitted for filing in emerging markets. The Company has also filed 100+ drug master files across various markets during the year.

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

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

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

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

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

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

C) Foreign Exchange Earnings and Outgo

(₹ in Million)

	Year ended March 31, 2020	Year ended March 31, 2019
Earnings	74,218.7	66,025.4
Outgo	27,963.9	38,610.2

For and on behalf of the Board of Directors

Israel Makov
Chairman
(DIN: 05299764)

Place: Israel
Date: May 27, 2020

Corporate Governance

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time the Company submits the Corporate Governance Report for the year ended March 31, 2020.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

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

Composition and category of Directors is as follows:

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

*Mr. Sudhir Valia stepped down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He continues to be a Non-Promoter, Non-Executive and Non-Independent Director of the Company. He is part of Promoter Group but not a promoter.

Number of Board meetings held during the year ended March 31, 2020 and the dates on which held:

Six Board meetings were held during the year. The dates on which the meetings were held during the year ended March 31, 2020 are as follows:

May 28, 2019; August 13, 2019; August 28, 2019; November 7, 2019, February 06, 2020 and March 17, 2020.

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

Name of the Director	Attendance particulars for the year ended March 31, 2020			No. of other Directorships and Committee Memberships / Chairmanships as of March 31, 2020[1]		
	Number of Board Meetings Entitled to attend	Number of Board Meetings attended	Last AGM held August 28, 2019	Other Directorships	Committee Memberships[2]	Committee Chairmanships[2]
Mr. Israel Makov	6	6	Yes	-	-	-
Mr. Dilip S. Shanghvi	6	6	Yes	1	-	-
Mr. Sudhir V. Valia[3]	6	6	Yes	5	3	1
Mr. Sailesh T. Desai	6	6	Yes	3	-	-
Mr. Kalyanasundaram Subramanian	6	2	No	2	-	-
Ms. Rekha Sethi	6	6	Yes	5	3	-

Name of the Director	Attendance particulars for the year ended March 31, 2020			No. of other Directorships and Committee Memberships / Chairmanships as of March 31, 2020[1]		
	Number of Board Meetings Entitled to attend	Number of Board Meetings attended	Last AGM held August 28, 2019	Other Directorships	Committee Memberships[2]	Committee Chairmanships[2]
Mr. Vivek Chaand Sehgal	6	5	No	5	1	-
Mr. Gautam Doshi	6	6	Yes	2	1	1

Notes:

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

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

[3] Mr. Sudhir Valia stepped down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He continues to be a Non-Promoter, Non-Executive and Non-Independent Director of the Company.

Names of the Indian listed entities where the Directors of the Company hold Directorship and the category of directorship as on March 31, 2020:

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

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

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

The skills/expertise/knowledge area of the Directors are given below:

Skill set/Area of expertise/ Knowledge	Whether the skill set/area of expertise/knowledge is possessed by the Director of the Company							
	Israel Makov	Dilip Shanghvi	Sailesh Desai	Kalyanasundaram Subramanian	Sudhir Valia	Gautam Doshi	Rekha Sethi	Vivek Chaand Sehgal
KNOWLEDGE								
Specialisation / Expertise in one or more fields	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• In the field of:								
Finance & Accounts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Legal	Yes				Yes	Yes		
Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Knowledge (Pharma Industry)	Yes	Yes	Yes	Yes	Yes			
Risk Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
General Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

As far as Skills namely Strategic Thinking/ Planning Skills, Problem Solving Skills, Analytical Skills, Decision Making Skills and Leadership Skills; and Behavioural Traits namely Integrity, Genuine interest, Interpersonal skills / communication and Active Participation are concerned, all the Directors of the Company possess them.

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

3. CODE OF CONDUCT

The Board of Directors has laid down a Global Code of Conduct for all Board members, and all employees, including the senior management of the Company.

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

4. AUDIT COMMITTEE

The Audit Committee of the Company presently comprises of three Directors which include two Independent Non-executive Directors viz. Ms. Rekha Sethi, Mr. Gautam Doshi, and one Whole-time Director viz. Mr. Sailesh T. Desai. Mr. Gautam Doshi is the Chairman of the Audit Committee. The constitution of Audit Committee meets with the requirements as laid down under Section 177 of the Companies Act, 2013 and also of Regulation 18 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Audit Committee.

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

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

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

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

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

Four Audit Committee Meetings were held during the year ended March 31, 2020. The dates on which the Meetings were held are as follows:

May 27, 2019[1]; August 12, 2019; November 7, 2019; and February 05, 2020.

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

Name of the Director	Number of Audit Committee Meetings entitled to attend	Number of Audit Committee Meetings attended
Mr. Gautam Doshi	4	4
Ms. Rekha Sethi	4	4
Mr. Sailesh T. Desai	4	4

[1] The Audit Committee meeting held on May 27, 2019 was adjourned for consideration of few agenda items and the adjourned meeting was held on May 28, 2019, and was attended by all members.

5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently comprises of three Non-executive Directors viz. Ms. Rekha Sethi, Mr. Israel Makov and Mr. Gautam Doshi. Ms. Rekha Sethi is the Chairperson of the Committee. The constitution of the Nomination and Remuneration Committee meets with the requirements of Section 178 of the Companies Act, 2013 as also the requirements laid down in Regulation 19 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee.

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

The Nomination and Remuneration Committee has adopted the criteria as provided in the Guidance Note on Board Evaluation by Securities and Exchange Board of India vide its notification no. SEBI/HO/ CFD/CMD/ CIR/P2017/004 dated January 05, 2017 for evaluation of the Individual Directors including Independent Directors. The said criteria provides certain parameters like knowledge, competency, fulfillment of functions, availability and attendance, initiative, integrity, contribution, independence and independent views and judgment.

Four meetings of Nomination and Remuneration Committee were held during the year ended March 31, 2020. The dates on which the meetings were held are as follows:

May 28, 2019; August 13, 2019; November 7, 2019 and February 06, 2020.

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

Name of the Director	Number of Nomination and Remuneration Committee Meetings entitled to attend	Number of Nomination and Remuneration Committee Meetings attended
Ms. Rekha Sethi	4	4
Mr. Israel Makov	4	4
Mr. Gautam Doshi	4	4

6. REMUNERATION OF DIRECTORS

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

The Non-Executive Directors of the Company are entitled to sitting fees of ₹100,000/- for attending each meeting of the Board and/or of Committee thereof except the Corporate Governance and Ethics Committee for which they are entitled to ₹50,000/- for each meeting of the Committee.

The details of Remuneration paid/payable to the Directors of the Company for the year ended March 31, 2020 are given below:-

(Amount in ₹)

Directors	For the year ended March 31, 2020				
	Salary [1]	Bonus	Perquisites / Benefits[2]	Sitting Fees	Total
Mr. Dilip S. Shanghvi	32,358,000	6,471,600	4,246,860	-	43,076,460
Mr. Sudhir V. Valia[3]	59,165,179	1,043,806	658,839	900,000	61,767,824
Mr. Sailesh T. Desai	11,355,996	2,271,199	2,178,339	-	15,805,534
Mr. Kalyanasundaram Subramanian[4]	33,786,992	3,908,153	12,047,952	-	49,743,097
Mr. Israel Makov	-	-	-	1,000,000	1,000,000
Ms. Rekha Sethi	-	-	-	1,900,000	1,900,000
Mr. Vivek Chaand Sehgal	-	-	-	600,000	600,000
Mr. Gautam Doshi	-	-	-	2,100,000	2,100,000

Note:

[1] Salary includes Special Allowance. Salary of Mr. Kalyanasundaram Subramanian includes variable pay of ₹7,938,167/-.

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

[3] Mr. Sudhir V. Valia stepped down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He continues to be a Non-Promoter*, Non-Executive and Non-Independent Director of the Company. As he stepped down from the position of Whole-time Director of the Company, the Salary includes the following amounts paid at the time of final settlement: PL encashment of ₹15,054,320 and Gratuity of ₹38,891,827 which is being reimbursed by LIC as per policy. Subsequent to May 29, 2019, payment of sitting fees of ₹900,000 was made to Mr, Sudhir Valia for the meetings attended by him as Non-executive Director.

[4] The remuneration mentioned in the aforesaid table is the remuneration paid to Mr. Kalyanasundaram Subramanian by the Company from July 4, 2019 to March 31, 2020. Mr. Kalyanasundaram Subramanian was not paid any remuneration from the Company as Whole-time Director upto July 3, 2019 as he was appointed without any remuneration. Mr. Kalyanasundaram Subramanian was also the Whole-time Director & Chief Executive Officer of Sun Pharma Laboratories Limited, Wholly-Owned Subsidiary of the Company, until July 3, 2019 and he received remuneration from Sun Pharma Laboratories Limited till then. Until, July 3, 2019, he received remuneration of ₹16,350,140/- from Sun Pharma Laboratories Limited. Mr. Kalyanasundaram Subramanian stepped down from the position of Whole-time Director & CEO of Sun Pharma Laboratories Limited with effect from July 4, 2019 and the Nomination and Remuneration Committee and Board of Directors of the Company approved payment of his remuneration with effect from July 4, 2019 till the remaining term of his appointment upto February 13, 2021 and his remuneration was also approved by the members of the Company at 27th Annual General Meeting held on August 28, 2019.

*He is part of Promoter Group but not a promoter

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

Notes:-

a) The Agreement with Mr. Dilip S. Shanghvi and Mr. Sailesh T. Desai, the Executive Directors for their present term are for a period of 5 years as follows; i) from April 1, 2018 to March 31, 2023 and remuneration for period from April 1, 2018 to March 31, 2021 for Mr. Dilip S. Shanghvi, Managing Director ii) from April 1, 2019 to March 31, 2024 and remuneration for period of 3 years from April 1, 2019 to March 31, 2022 for Mr. Sailesh T. Desai, Whole-time Director. The agreement with Mr. Kalyanasundaram Subramanian, Whole-time Director, is for a period of 2 years with effect from February 14, 2019 to February 13, 2021, that earlier was without any remuneration and which was revised on July 4, 2019, to include payment of remuneration with effect from July 4, 2019 to February 13, 2021 as approved by Special resolution passed by members on August 28, 2019. Either party to the agreement is entitled to terminate the Agreement by giving to the other party 30 days' notice in writing. Mr. Sudhir Valia stepped down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He continues as a Non-Promoter, Non-Executive and Non-Independent Director of the Company. Consequently the agreement with Mr. Sudhir V. Valia for remuneration and appointment as Whole-time Director was terminated w.e.f. May 29, 2019.

b) The Company had formulated two Schemes for grant of stock options to the eligible employees of erstwhile Ranbaxy Laboratories Ltd., pursuant to the Scheme of Arrangement for merger of Ranbaxy Laboratories Ltd., into the Company out of which one scheme was completed in August 2017 and second scheme was completed in February 2020. None of the Directors are entitled to stock options.

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

d) The remuneration of Whole-time Directors consists only of fixed components except for Mr. Kalyanasundaram Subramanian.

The details of Equity Shares held by Non-Executive Directors as on March 31, 2020 are as follows:

Director	No. of Equity Shares held (held singly or jointly as first holder)
Mr. Israel Makov	Nil
Ms. Rekha Sethi	Nil
Mr. Vivek Chaand Sehgal	Nil
Mr. Gautam Doshi	8000
Mr. Sudhir Valia	14345019

7. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee presently comprises of three Directors viz. Mr. Gautam Doshi, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia. Mr. Gautam Doshi is the Chairman of the Committee. The constitution of the Stakeholders' Relationship Committee meets with the requirements of Section 178 of the Companies Act, 2013 and also of Regulation 20 of the Listing Regulations.

Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee.

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

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

Four meetings of the Stakeholders' Relationship Committee were held during the year ended March 31, 2020. The dates on which Meetings were held are as follows:

May 28, 2019; August 12, 2019; November 7, 2019 and February 05, 2020.

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

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

Investor Complaints:

The total numbers of complaints received and resolved to the satisfaction of shareholders, during the year under review were 3. There were no complaints pending at the beginning or at the end of the year.

8. COMMITTEE OF DIRECTORS (ALLOTMENT)

The Committee of Directors (Allotment) comprised of three Directors viz. Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Mr. Sailesh T. Desai. Mr. Sudhir V. Valia is the Chairman of the Committee and Mr. Sunil R. Ajmera, Company Secretary is the Secretary of the Committee.

No meetings of the Committee of Directors (Allotment) were required to be held during the year ended March 31, 2020.

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

The Committee of Directors (Allotment) was formed to consider and approve the allotment of shares of the Company under the ESOP Schemes. Since both ESOP Schemes have been completed, the Board of Directors have dissolved the 'Committee of Directors (Allotment)' of the Company with effect from May 27, 2020.

9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

During the year ended March 31, 2020, two meetings of Corporate Social Responsibility Committee were held on May 27, 2019 and November 6, 2019. The attendance of each member of Committee is as follows:

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

10. RISK MANAGEMENT COMMITTEE

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

During the year ended March 31, 2020, two meetings of Risk Management Committee were held on May 27, 2019 and November 6, 2019.

The attendance of each member of committee is as follows:

Name of the member	Number of Risk Management Committee meetings entitled to attend	Number of Risk Management Committee meetings attended
Mr. Dilip S. Shanghvi	2	2
Mr. Sudhir V. Valia	2	2
Mr. C S Muralidharan	2	2

11. CORPORATE GOVERNANCE AND ETHICS COMMITTEE

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

Four meetings of the Corporate Governance and Ethics Committee were held during the year ended March 31, 2020. The dates on which the Meetings were held are as follows:

August 12, 2019; October 7, 2019; November 7, 2019; and February 05, 2020.

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

Name of the Member	Number of Corporate Governance & Ethics Committee Meetings entitled to attend	Number of Corporate Governance & Ethics Committee Meetings attended
Mr. Gautam Doshi	4	4
Ms. Rekha Sethi	4	4
Mr. C S Muralidharan	4	4
Mr. Ashok Bhuta	4	4

12. SUBSIDIARY COMPANIES

In accordance with Regulation 16 of the Listing Regulations during the year ended March 31, 2020, Sun Pharma Laboratories Limited, Sun Pharmaceutical Industries, Inc and Taro Pharma USA were material subsidiary companies whose turnover or net worth as per Companies Act, 2013 exceeded 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year and Sun Pharma Holdings, Mauritius was material subsidiary company whose turnover or net worth as per Companies Act, 2013 exceeded 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Ms. Rekha Sethi, Independent Director of the Company is also Director on the Board of Sun Pharma Laboratories Limited and Sun Pharma Distributors Limited. Mr. Gautam Doshi, Independent Director of the Company is also Director on the Board of Sun Pharma Global FZE and Sun Pharma Holdings.

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

The Board of Directors of the Company reviewed periodically, the statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies. Copies of the Minutes of the Board Meetings of the unlisted subsidiary Companies were placed at the Board Meetings of the Company held during the year.

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

13. GENERAL BODY MEETINGS

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

Year	Meeting	Location	Date	Time
2016 -2017	Twenty- Fifth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara- 390 020, Gujarat	September 26, 2017	10:45 a.m.
2017 -2018	Twenty- Sixth AGM	Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj, Vadodara - 390 020	September 26, 2018	2:45 p.m.
2018-2019	Twenty- Seventh AGM	Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj, Vadodara - 390 020	August 28, 2019	3:15 p.m.

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

a) At the Twenty-Fifth Annual General Meeting.

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

b) At the Twenty-Sixth Annual General Meeting.

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

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

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

c) At the Twenty-Seventh Annual General Meeting

(1) Approval for consent/ratification of excess commission paid to Non-executive Directors for the year 2013-14 pursuant to the letter received from MCA in respect of abatement of the pending applications for approval of remuneration

(2) Approval of remuneration to be paid to Mr. Kalyanasundaram Subramanian, Whole-time Director, with effect from July 04, 2019 till remaining term of his appointment upto February 13, 2021.

Resolution Passed Through Postal Ballot:

No resolution was passed through postal ballot during the year under review.

14. DISCLOSURES

- No transaction of a material nature has been entered into by the Company with its related parties that may have a potential conflict with the interests of the Company. Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transactions with the related parties as per Ind AS-24, are disclosed in Note 51 of the Notes forming part of the Standalone Financial Statements for the year ended March 31, 2020.

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

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

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

- Details of the familiarisation programme of the independent directors are available on the website of the Company at: http://www.sunpharma.com/policies

- During the year, a separate meeting of the independent directors was held on February 06, 2020 inter-alia to evaluate the performance of non-independent directors and the board as a whole.

- The policy on dealing with the related party transactions is available on the website of the Company and can be accessed at: http:// www.sunpharma.com/policies.

During the year, there were pecuniary transactions with the Companies in which Non-Executive Directors are interested as follows: a) Transaction of receiving of services from Makov Associates Limited of ₹143,930,686 in which Mr. Israel Makov, Non-Executive and Non-Independent Chairman is interested; b) Transactions with MothersonSumi INfotech & Designs Limited for receiving of services – ₹4,773,342 and with Anest Iwata Motherson Private Limited for receiving of services – ₹8,204 in which entities Mr. Vivek Chaand Sehgal, Non-Executive and Independent Director is interested c) Transactions with Fortune Integrated Assets Finance Limited for purchase of Goods – ₹34,740, transactions with Suraksha Asset Reconstruction Private Limited – ₹2,650,000 for sale of property, plant and equipment, transactions with Sun Petrochemicals for lease rent received – ₹2,400,000, transactions with Sun Pharma Advanced Research Company Limited for Revenue from contracts with customers, net of returns, sale of property, plant and equipment, royalty expenses, receiving of service expenses, reimbursement of expenses paid, rendering of service income, reimbursement of expenses received and lease rent received – ₹507,603,286 in which entities Mr. Sudhir Valia, Non-Executive and Non-Independent Director is interested except for the subsidiaries of the Company wherein it is deemed that he does not have any personal / pecuniary interest. d) Transactions with Anshul Speciality Molecules Private Limited for Purchase of Goods - ₹17,580,630 in which Mr. Gautam Doshi, Non-Executive and Independent Director is interested.

- All the transactions with entities in which the Independent Directors are/were interested constitute negligible percent of the revenue of the Company.

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

- Certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority has been annexed as Annexure 'B' to the Corporate Governance Report.

- Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part was ₹145,815,853/- (Rupees Fourteen Crore Fifty Eight Lakh Fifteen Thousand Eight Hundred and Fifty Three only), for the year under review.

- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year: 1

b. number of complaints disposed of during the financial year: 1

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

- Details of compliance and Adoption/Non Adoption of the non-mandatory requirements for the year ended March 31, 2020:

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

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

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

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

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

15. MEANS OF COMMUNICATION

- **Website:** The Company's website www.sunpharma.com contains a separate dedicated section 'INVESTORS' where shareholders' information is available. The Annual Report for 2019-20 and Annual Report/ Abridged Annual Report for the past years are also available on the website in a user friendly and downloadable form. Apart from this, official news releases, detailed presentations made to media, analysts etc., and the transcript of the conference calls are also displayed on the Company's website.
- **Financial Results:** The annual, half-yearly and quarterly results are regularly posted by the Company on its website www.sunpharma.com and are also sent to the shareholders whose e-mail IDs are registered with the Company. These are also submitted to the Stock Exchanges on which the securities of the Company are listed in accordance with the requirements of the Listing Regulations and published in all English Editions of 'Financial Express' and Gujarati Edition of 'Financial Express' which is published in Ahmedabad.
- **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Board's Report, Auditor's Report, and other important information is sent to the shareholders whose e-mail IDs are registered with the Company and physical copy to the rest of the shareholders and others entitled thereto every year. However pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and MCA General Circular No. 20/2020 dated May 5, 2020 of Ministry of Corporate Affairs, due to COVID, no physical copies of the Annual Report for FY20 will be sent. The Management Discussion and Analysis Report forms part of the Annual Report.
- **Chairman's Communique:** The Chairman's Speech is sent to the stock exchanges and placed on the website of the Company.
- **Reminder to Investors:** Reminders for unpaid dividend are sent to shareholders, regularly every year.
- **Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with the Stock Exchanges and are available on the website of BSE Ltd. - www.bseindia.com and National Stock Exchange of India Ltd. - www.nseindia.com.

16. GENERAL SHAREHOLDER INFORMATION

16.1 Annual General Meeting:

Day, Date and Time	Thursday, August 27, 2020 at 3:30 p.m
Venue	Through Video Conferencing/Other Audio Visual means

16.2 Financial Calendar (tentative):

Results for quarter ending June 30, 2020	First week of August 2020.
Results for quarter ending September 30, 2020	First week of November 2020.
Results for quarter ending December 31, 2020	First week of February 2021.
Audited Results for year ended March 31, 2021	Third or Fourth week of May 2021.

16.3 Details of Book-closure for Equity Shareholders:

From Friday, August 21, 2020 to Thursday, August 27, 2020 (both days inclusive)

16.4 Dividend Payment Date:

On or before, Tuesday, September 1, 2020

16.5 Listing Details

(a) **Trading Symbol at BSE Ltd.,** Market Operations Dept., P. J. Towers, Dalal Street, Mumbai - 400 001	524715
(b) **Trading Symbol at National Stock Exchange of India Limited,** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	SUNPHARMA
(c) **Demat ISIN Numbers in NSDL and CDSL for Equity Shares of Re.1/- each**	ISIN No.INE044A01036

The Company has paid the Listing fees for the FY20, to BSE Ltd., and National Stock Exchange of India Limited

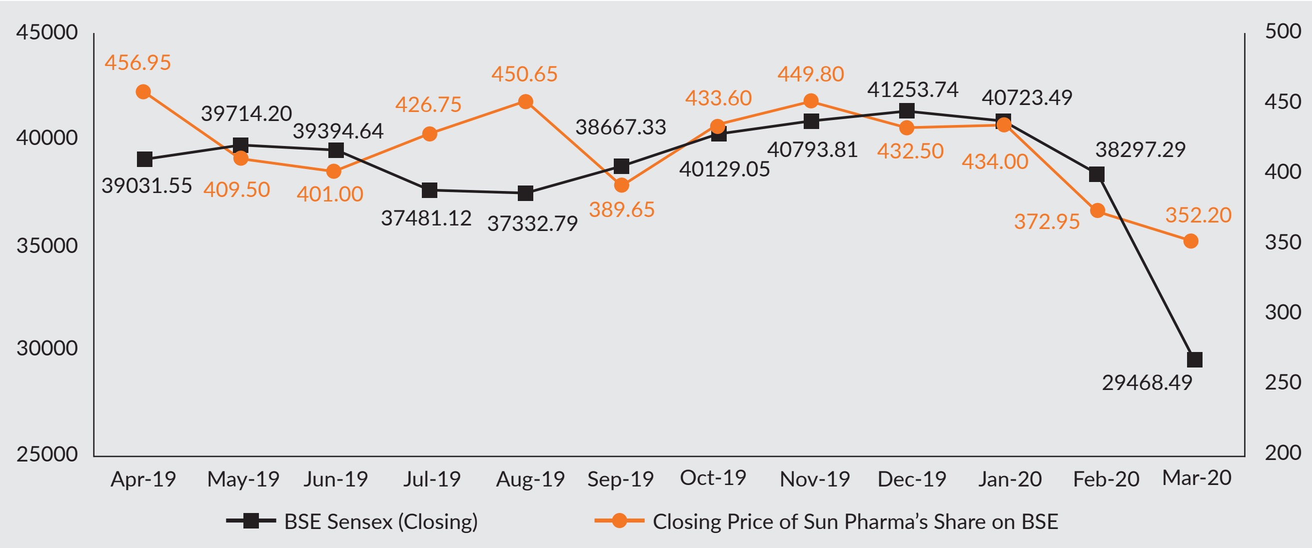
16.6 Stock Market Data - Equity Shares of Re.1/- paid-up value:

	BSE Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2019	484.10	446.00	484.25	446.00
May, 2019	462.00	350.40	461.70	344.55
June, 2019	418.00	367.40	418.60	368.00
July, 2019	443.00	365.70	443.30	365.40
August, 2019	453.50	408.15	453.40	408.05
September, 2019	456.05	386.65	456.00	386.55
October, 2019	440.00	372.60	440.55	372.60
November, 2019	467.45	407.25	467.40	407.10
December, 2019	450.10	420.85	449.60	420.65
January, 2020	462.50	431.50	462.50	431.25
February, 2020	441.60	369.65	441.75	369.45
March, 2020	414.85	315.20	414.80	312.00

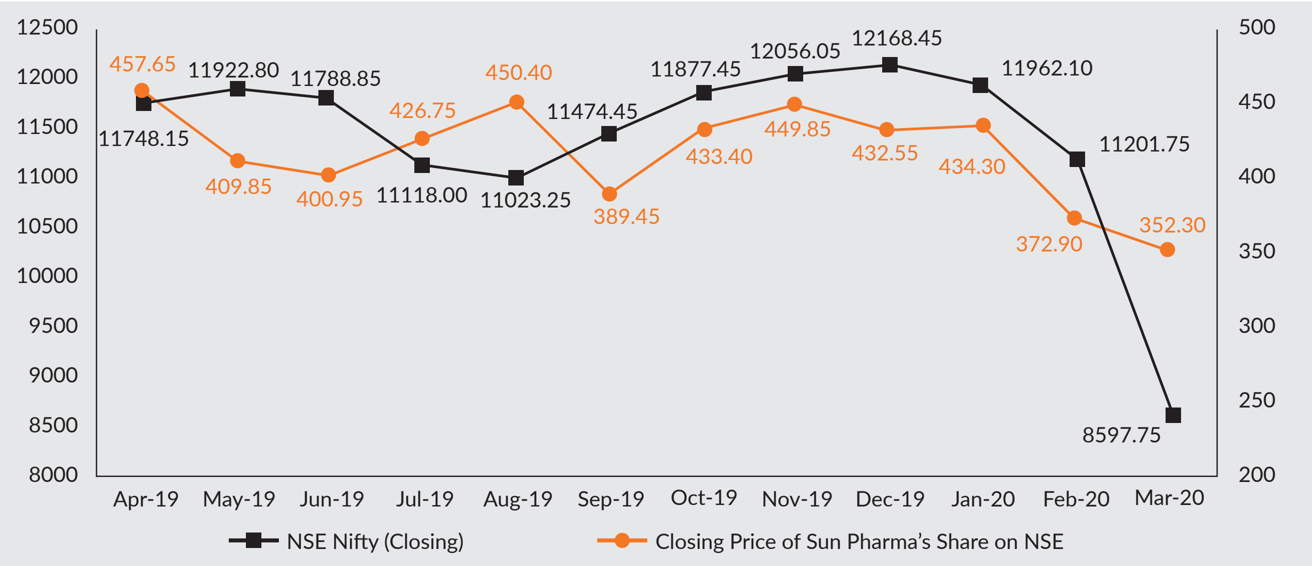
(Source: BSE and NSE website)

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

Sun Pharmaceutical Industries Limited & BSE Sensex closing price:



Sun Pharmaceutical Industries Limited & NSE Nifty closing price:



(Source: BSE and NSE website)

16.8 Share price performance relative to NIFTY and BSE Sensex based on share price on March 31, 2020

Period	% change in Sun Pharma Share Price	Nifty	Sun Pharma relative to Nifty	Period	% change in Sun Pharma Share Price	BSE Sensex	Sun Pharma relative to Sensex
Year-on-Year	-26.43%	-26.03%	-0.39%	Year-on-Year	-26.51%	-23.80%	-2.71%
2 Years	-28.84%	-14.99%	-13.85%	2 Years	-28.91%	-10.62%	-18.29%
3 Years	-48.80%	-6.28%	-42.53%	3 Years	-48.79%	-0.51%	-48.27%
5 Years	-65.59%	1.26%	-66.85%	5 Years	-65.55%	5.40%	-70.95%
10 Years	96.60%	63.79%	32.80%	10 Years	96.80%	68.12%	28.68%

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

16.9 Registrars & Transfer Agent

Registrars & Transfer Agent (Share transfer and communication regarding share certificates, dividends and change of address)	Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 E-Mail: rnt.helpdesk@linkintime.co.in Tel: 022- 49186270 Fax : 022- 49186060

16.10 Share Transfer System

The share transfers which were received in physical form upto March 31, 2019 were processed and transferred by Registrar and Share Transfer Agents and the share certificates were returned within the stipulated period from the date of receipt, subject to the documents being valid and complete in all respects. Effective from April 1, 2019, SEBI has mandated that shares can be transferred only in demat. Hence no transfer of shares in physical form can be lodged by the shareholders.

16.11 Distribution of Shareholding as on March 31, 2020

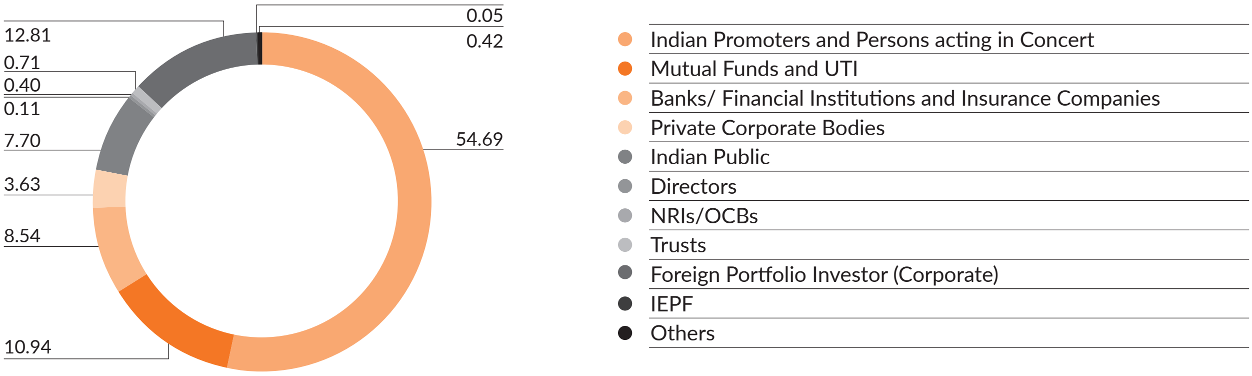
No. of Equity Shares held	No. of folios		Shares of face value Re. 1/- each	
	Numbers	% to total folios	Numbers	% to total folios
Upto 5000	647,945	99.04	105,970,627	4.42
5001 - 10000	2,839	0.43	20,124,384	0.84
10001 - 20000	1,952	0.30	25,329,289	1.06
20001 - 30000	369	0.06	9,130,908	0.38
30001 - 40000	143	0.02	5,093,141	0.21
40001 - 50000	100	0.01	4,604,949	0.19
50001 - 100000	252	0.04	18,330,181	0.76
100001 and above	642	0.10	2,210,751,491	92.14
Total	**654,242**	**100.00**	**2,399,334,970**	**100.00**

16.12 Category-wise Shareholding as on March 31, 2020 of Equity Shares

Particulars	No. of Shares	Percentage
A. Indian Promoters and Persons acting in Concert	1312134535	54.69
B. Mutual Funds and UTI	262581610	10.94
C. Banks/ Financial Institutions and Insurance Companies	204902536	8.54
D. Private Corporate Bodies	87144164	3.63
E. Indian Public	184796085	7.70
F. Directors	2618747	0.11
G. NRIs /OCBs	9579523	0.40
H. Trusts	16966085	0.71
I. Foreign Portfolio Investor (Corporate)	307313174	12.81
J. Foreign National	24992	0.00
K. Foreign Bank and Foreign Companies	31549	0.00
L. IEPF	1271108	0.05
M. Others	9970862	0.42
Total	**2399334970**	**100.00**

Shareholding Pattern as on March 31, 2020

(%)



16.13 Dematerialisation of Shares

About 99.66% of the outstanding Equity shares have been dematerialised up to March 31, 2020. Trading in Shares of the Company is permitted only in dematerialised form.

Liquidity:

Our Company's equity shares are fairly liquid and are actively traded on National Stock Exchange of India Ltd., (NSE) and The BSE Ltd. (BSE). Relevant data for the average daily turnover for the FY20 is given below:

	BSE	NSE	BSE + NSE
In no. of shares (in Thousands)	401.43	6759.57	7161.00
In value terms (₹ Million)	166.91	2801.65	2968.56

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

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

The Company does not have any outstanding GDRs/ADRs/ Warrants/Convertible Instruments as on March 31, 2020.

Outstanding Stock Options

The details of Number of Stock Options outstanding as on March 31, 2020, are provided in the Annexure to the Board's Report and is available on the website of the Company.

Outstanding Unclaimed Shares

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

Particulars	No. of Shareholders	No. of equity shares of Re.1/- each
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2019.	300	133880*
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Suspense Account during the period from April 1, 2019 up to March 31, 2020	4	3164
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period from April 1, 2019 up to March 31, 2020.	4	3164
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2020.	296	130716

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

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

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

16.16 Plant locations as on March 31, 2020:

1) Survey No.214 and 20, Govt. Industrial Area, Phase-II, Piparia, Silvassa - 396 230, U.T. of D & NH.

2) Survey no. 259/15, Dadra - 396191, U.T. of D. & NH.

3) Plot No.24/2 and No.25, GIDC, Phase- IV, Panoli - 395 116, Dist. Bharuch, Gujarat.

4) Plot No. 4708, GIDC, Ankleshwar - 393 002, Gujarat.

5) Halol-Baroda Highway, Near Anand Kendra, Halol, Dist. Panchmahal- 389350 Gujarat.

6) Plot No. 817/A, Karkhadi - 391 450, Taluka: Padra, Dist. Vadodara, Gujarat.

7) Plot No. Z/15, Sez-1, Po. Dahej, Taluko vagra, Dist. Bharuch, Gujarat.

8) A-7 & A-8, MIDC Industrial Area, Ahmednagar - 414 111, Maharashtra.

9) Plot No. B-2 Madkaim Industrial Estate, Ponda, Goa

10) Village & PO Ganguwala, Tehsil Paonta Sahib-173025, Distt. Sirmour, Himachal Pradesh

11) Village Toansa, P.O. Railmajra Distt. Nawansahar-144533 (Punjab)

12) A-41, Industrial Area, Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali-160071 (Punjab)

13) Plot No. K - 5,6,7, Ghirongi Industrial Area, Malanpur, Dist. Bhind, Madhya Pradesh

14) Pharma Manufacturing Industrial Area 3 A.B. Road, Dewas-455001, Madhya Pradesh

15) Sathammai Village, Karunkuzhi Post, Maduranthakam T.K. Kanchipuram Dist. Tamil Nadu - 603 303.

16) Khasra No.- 1335-1340, Near Epip Phase-1, Hill Top Industrial Area, Vill.-Bhatolikalan, P.O.-Barotiwala, Distt-Solan, Himachal Pradesh, India – 174103

16.17 Investor Correspondence:

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

16.18 List of all credit ratings

Rating Agency	Instrument Type	Rating	Remarks
ICRA Limited	Bank Facility (Short-Term Scale)	[ICRA] A1+	No revisions in credit rating during the FY20
	Long-Term/Short-Term Borrowing	[ICRA] AAA (Stable)/ [ICRA] A1+	
	Commercial Paper	[ICRA] A1+	
CRISIL Limited	Bank Facility (Short-Term)	CRISIL A1+	No revisions in credit rating during the FY20
	Bank Facility (Long-Term)	CRISIL AAA/ Stable	
	Commercial Paper	CRISIL A1+	

For and on behalf of the Board

Dilip S. Shanghvi
Managing Director
(DIN: 00005588)

Sailesh T. Desai
Whole-time Director
(DIN: 00005443)

Place : Mumbai
Date : May 27, 2020

ANNEXURE 'A' TO CORPORATE GOVERNANCE REPORT

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT FOR THE YEAR ENDED MARCH 31, 2020

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

For Sun Pharmaceutical Industries Ltd.,

Dilip S. Shanghvi
Managing Director
(DIN: 00005588)

Date : May 27, 2020

ANNEXURE 'B' TO CORPORATE GOVERNANCE REPORT

CERTIFICATE

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

To,
The Member of
Sun Pharmaceutical Industries Limited
CIN: L24230GJ1993PLC019050
Add: SPARC, Tandalja, Vadodara Gujarat - 390012

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the MCA portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of Directors of the Company as sated below for the Financial year ending on 31st March 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities Exchange and Board of India, Ministry of Corporate affairs or any such other Statutory Authority.

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

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

For, KJB & CO LLP
Practising Company Secretaries,

Alpeshkumar Panchal
Partner
Mem. No: 49008
COP No. : 20120
UDIN: A049008B000288467

Date: 27th May 2020
Place: Mumbai

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

The Members of
Sun Pharmaceutical Industries Limited

1. The Corporate Governance Report prepared by Sun Pharmaceutical Industries Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

   i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that atleast one independent woman director was on the Board of Directors throughout the year;

   iv. Obtained and read the minutes of the following committee meetings / other meetings held April 01, 2019 to March 31, 2020:

      (a) Board of Directors meetings;

      (b) Audit Committee meetings;

      (c) Annual General Meeting (AGM);

      (d) Nomination and Remuneration Committee meetings;

      (e) Stakeholders Relationship Committee meetings;

      (f) Risk Management Committee meetings;

      (g) Corporate Governance and Ethics Committee meetings;

      (h) Corporate Social Responsibility Committee meetings; and

      (i) Independent Directors meeting.

   v. Obtained necessary declarations from the directors of the Company.

   vi. Obtained and read the policy adopted by the Company for related party transactions.

   vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

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

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

Opinion

8. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

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

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

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 20105754AAAACU9213

Place of Signature: Pune
Date: May 27, 2020

Business Responsibility Report

Message from the Director's Desk

The COVID-19 global pandemic has reiterated the importance of healthcare in a never-before manner. The pharmaceutical industry is at the forefront of the battle against the pandemic. It has quickly and efficiently responded to this global challenge by ensuring that there is no shortage of medicines across markets despite supply chain disruptions. It has also simultaneously commenced clinical trials to test the effectiveness of existing medicines in treating symptoms of COVID-19. Many global pharmaceutical companies, as well as some Indian companies, have initiated efforts for the development of a COVID-19 vaccine. The industry has also donated certain medicines used in alleviating COVID-19 symptoms, personal protective equipment (PPE) kits, disinfectants, gloves, etc. Going forward, as healthcare gains priority, the role of the pharmaceutical industry will also become more important.

We are living in unpredictable times. The COVID-19 pandemic and consequential lockdowns across the world has only confirmed that. From climate change to technical disruptions, it would get more and more difficult to foresee the future. Businesses that would be more responsible towards resources, whether material or human, would be in a better position to adapt to these changes and thrive. Sustainability is not an option anymore.

Pharmaceutical companies are going to play a pivotal role in shaping this future as healthcare becomes the top priority. At Sun Pharma, we develop high-quality medicines trusted by healthcare professionals and patients, making us the world's 4th largest speciality generic pharmaceutical company. However, what gives us more satisfaction is that we could make these medicines affordable and accessible, in over 100 countries across 6 continents.

Our vision of 'Reaching People. Touching Lives' globally as a leading provider of valued medicines is what motivates us to strive responsibly and scale newer heights towards a holistic growth, where all stakeholders benefit, be it patients, healthcare professionals, communities, planet, regulatory bodies, employees or shareholders.

This extends to a triple bottom line approach where we extend the philosophy of enhancing the quality of life by focussing on wellness for Employees, Community and Environment.

Employee Wellness

Our 36,000+ strong multi-cultural workforce from over 50 different nationalities is the reason for our success and continuous growth. We are committed to hiring exceptionally talented human resources and nurture them professionally. Our multi-dimensional work environment offers high growth opportunities through challenging roles with clear responsibilities and the opportunity to work on a variety of assignments.

Our all-encompassing HR Policy covers every aspect of employee management from recruitment to retention. Employee engagement, equality of opportunity, freedom of association, health & safety, recognition & recreation, and continuous learning are key principles of the policy. In FY20, 90% of our employees, including 18% of women employees were provided with safety and skill up-gradation training.

Community Wellness

By continuing to enhance our Corporate Social Responsibility (CSR) efforts and simultaneously partnering with Government and Non-Government organisations, we are enhancing the quality of life of the local communities. In FY20, we invested ₹43.71 Million for the implementation of CSR programme and projects.

Our focus areas in CSR interventions are healthcare, education, rural development, sanitation, environment conservation, drinking water and disaster relief. During the outbreak of Novel Corona Virus, we committed donation of medicines and hand sanitisers to support India's COVID-19 pandemic response. Along with awareness generation programmes, we also distributed food packets in the rural communities.

Environment Wellness

A robust EHS policy enunciates our commitment to create a safe and healthy workplace, and a clean environment for employees and the community. The policy ensures that we manufacture our products safely and in an environmentally responsible manner. For that, we follow the highest international standards in plant design, equipment selection, maintenance, product development and operations.

Waste management, conservation measures, increasing efficiency, green energy and implementing Clean Development Mechanism (CDM) projects at our facilities are some of the measures we employ to reduce our burden on the environment. In FY20, we generated approximately 1.6 Million kWh of clean energy.

This Business Responsibility Report (BRR) summarises our commitment to the community, environment and all our stakeholders. We welcome your feedback on this report as your insights will help us take more responsible steps on this ongoing journey.

Regards,

Kalyanasundaram Subramanian
Whole-time Director

Overview

Being a global pharma leader with 36,000+ employees worldwide, 40+ manufacturing sites, and 100+ markets served, we at Sun Pharma strongly believe that business and responsibility go hand in hand. Long-term growth can only be achieved when we conscientiously take care of all the three bottom lines - economic, environmental and social.

This responsible approach has been the hallmark of our Company since many years, but seven years ago, we integrated all these components into one interconnected model based on the National Voluntary Guidelines (NVG). It helped us in focussing our efforts towards all our stakeholders.

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

Section A General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L24230GJ1993PLC019050
2	Name of the Company	Sun Pharmaceutical Industries Limited
3	Registered address	SPARC, Tandalja, Vadodara - 390 012, Gujarat
4	Website	http://www.sunpharma.com/
5	E-mail id	secretarial@sunpharma.com
6	Financial year reported	01-April-2019 to 31-March-2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	'Pharmaceuticals' is the primary reportable segment.
8	List three key products/services that the Company manufactures / provides (as in balance sheet)	Cip-Isotretinoin | Levulan Kerastick | Tildrakizumab
9	Total number of locations where business activity is undertaken by the Company	As below
	1. Number of international locations (Provide details of major 5)	US, Japan, Romania, Russia, Canada
	2. Number of national locations	Facilities: Halol, Baska, Panoli, Karkhadi, Ankleshwar and Dahej (all in Gujarat), Baddi, Batamandi and Paonta Sahib (all in Himachal Pradesh), Mohali and Toansa (both in Punjab), Malanpur and Dewas (both in Madhya Pradesh), Samba and Jammu (both in J&K), Ahmednagar (Maharashtra), Maduranthakam (Tamil Nadu), Guwahati (Assam), Sikkim, Dadra, Silvassa and Goa R&D Centres: Vadodara (Gujarat), Mumbai (Maharashtra) and Gurgaon (Haryana) Registered office: Vadodara (Gujarat) Corporate office: Mumbai (Maharashtra) Pan-India Distribution Network
10	Markets served by the Company - local / state / national / international	Over 100 markets served across 6 continents - Asia, North America, South America, Europe, Africa, and Australia

Section B Financial Details of the Company

1	Paid-up Capital (₹)	2,399 Million
2	Total Turnover (₹)	119,067 Million (standalone)
3	Total Profit after Taxes (₹)	32,111 Million (standalone)
4	Total spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%)	As per regulatory requirements, the Company is required to spend ₹26.99 Million towards CSR for FY20. However, we have spent ₹43.71 Million on CSR activities for the year.
5	List of activities in which the above expenditure has been incurred	Refer Principle 8 - 'Equitable Development'

Section C Other Details

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

Section D BR Information

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

1	# DIN number	00179072
2	# Name	Kalyanasundaram Subramanian
3	# Designation	Whole-time Director

b. Details of the BR head

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

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

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

		P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been formally communicated to internal stakeholders. The external stakeholders will be communicated in due course.								
8	Does the company have in-house structure to implement the policy / policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy /policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the policy been formally communicated to all relevant internal and external stakeholders?	It will be done in due course.								

3. Governance related to BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	Annual
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The BR report for FY20 is a part of the annual report and can also be accessed through the link: http://www.sunpharma.com/pdflist/alldocuments. It is published annually.

Principle 1 Ethics, Transparency and Accountability

A successful business is built on the foundation of good principles. At Sun Pharma, we have institutionalised a robust governance structure.

Our vision and values form the base of our policies and practices. Each role at every level of the employees, from the top to the bottom, is transparently defined and held accountable for its responsibilities. While we strive to add value to every stakeholder, including the planet and the people, there is no compromise on ethics and integrity.

The key principles of our corporate governance philosophy are:

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

The key enablers to ensure the consistent implementation of these principles are:

Leadership

The leadership at Sun Pharma including the board, apply their wealth of international exposure and global best practices, to make policies that drive responsible growth consistent with our values of integrity, humility, quality and accountability.

Board Committees

Dedicated board committees are in place to define and execute processes and policies that govern the core areas. The top management forms the part of these committees, which are:

- Audit Committee
- Nomination & Remuneration Committee

- Stakeholders Relationship Committee
- Risk Management Committee
- Corporate Governance & Ethics Committee

Code of Conduct & Policy

At Sun Pharma, the 'how' is as important as the 'what'. So, the Board of Directors has laid out a Global Code of Conduct (CoC) for all Board members as well as all employees, including the senior management. Adherence to the CoC is non-negotiable, and it ensures a consistent commitment to and execution of ethics.

Along with the CoC, various policies on significant subjects are designed to cover all areas of operations. We actively solicit feedback from all our stakeholders on our business conduct and keep our CoC and policies updated. In this reporting year, we received 3 stakeholder concerns, and all 3 have been resolved.

Principle 2 Product Life Cycle Sustainability

Many of our products have the hallmark of technology-based differentiation and cover the full range of dosage forms, including tablets, capsules, injectables, sprays, ointments, creams, and liquids. These products help the patients in treating their diseases and improving their quality of life. While we focus on meeting the unmet needs of patients, it is equally critical to minimise the negative impact on the planet and to serve the people in the community.

So, we responsibly address all the three bottom lines - along with making good health more affordable and widely accessible; we work towards empowering communities and enriching the environment.

Affordable Access

Research & development has resulted in finding the cure for many diseases, and for some others, modern medicine has enabled patients to manage and control them. However, the cost of medicines has eluded the benefit to pass to majority of people. As one of the leading global generic companies, we make good health affordable and accessible to the marginalised communities and society at large.

We offer a wide range of World Health Organisation prequalified (WHO PQ) anti-viral products that are supplied at very affordable cost to many countries in Africa, Latin America, CIS, and Asia to fight HIV / AIDS.

Moreover, we also reach out to those in acute necessity by distributing some of our critical life-saving products free of charge. Below are some of our products that have broken the affordability and accessibility barrier:

- Rilutor (Riluzole): Used for treating Amyotrophic Lateral Sclerosis (a life-threatening disease), this product is distributed free of cost to all patients
- Sun Pharma committed a donation of medicines and hand sanitisers worth ₹250 Million to support India's COVID-19 pandemic response

Empowering Communities

While we expand to serve patients in newer geographies globally, we continue to elevate communities around us locally. Whether by employing them or by sourcing material from them, we boost local economy and in turn, reduce our carbon footprint.

Initiatives are undertaken to upskill the people, so that they can earn more and enrich their life. If they are suppliers, we invest in upgrading them with modern technology and need-based credit. It enables them to raise their standard and quality of our products.

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

Enriching Environment

Health of humans and the planet are intertwined. At Sun Pharma, we are fully committed to achieving excellence in Environment, Health & Safety (EHS) and conduct our activities in the most responsible manner, guided by our EHS policy.

EHS performance is periodically reviewed. The key processes comprise regular safety surveillance, inspections, audits, and regular monitoring of the environment, internally and through approved laboratories. Initiatives include increasing efficiency and reduced consumption of natural resource.

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

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

Production:

APIs: 3,405 ton

Formulations: 22,910 Million units

Water usage:

3,020,840 KL

Energy Usage:

Electricity (kWh)	468,167,100
Gas (in '000 nm3)	11,777
Furnace Oil (MT)	9,323
HSD (L)	1,349,400
Briquette (MT)	109,724

Principle 3 Employee Well-being

Employee performance is critical to the overall success of the company. We attribute our growth to our 36,000+ strong multi-cultural workforce from over 50 different nationalities. Our culturally diverse workforce is one of our biggest strengths and the rich experience they bring, across varied skill sets and backgrounds, is invaluable. We are proud that our global workforce is bound together by our common values.

We are committed to provide them a safe workplace, introduce employee friendly progressive policies, ensure growth opportunities, and encourage learning and development options. This creates an environment where personal goals and business goals are aligned to realise their maximum potential. Our 360-degree HR Policy covers every facet of talent management from recruitment to retention and keeps evolving with the feedback of employees.

Some of the main features of the policy are:

Employee Engagement

Engaged employees are happier, both at work and in their personal lives. At Sun Pharma, we encourage our employee to share their feedback transparently so that we can alleviate their anxieties. This is undertaken through both formal and informal channels. We utilise these channels to inform them of the Company's vision and direction as well.

When employees feel that their voices are being heard, they feel more empowered and motivated to contribute harder. It reduces staff turnover, improves productivity and efficiency, improves customer retention and results in sustainable business performance.

Continuous Learning

The ability to continually develop and improve one's skills and knowledge to perform effectively and adapt to changes in the workplace is crucial in this ever-evolving world. The nature of our business also requires us to keep moving up the knowledge ladder to remain relevant.

At Sun Pharma, our employees are provided with opportunities to enhance their technical and soft skills through continuous training and development programmes. This may include putting the employees through either in-house competency development sessions and/or external capability enhancement programmes.

Equality of Opportunity

We encourage diversity of every kind and discourage bias of any kind. At Sun Pharma, merit is the only criteria to grow. We nurture diversity by encouraging a fine amalgam of talent from different age groups, genders, castes, domains, religions, cultural backgrounds etc.

As of March 31, 2020, we had a total workforce of over 36,000 people globally, including permanent, temporary, and contractual employees, of which 1,432 were permanent women employees and 15 were permanent employees with disabilities.

Freedom of Association

We believe that Freedom of Association is an important mechanism to enhance employee working experience and develop a conducive environment for achieving employees' and organisational goals.

We continue to support a management-recognised employee association, which covers approximately 4% of our employee membership.

Health and Safety

A healthy and safe workplace is a must. At Sun Pharma, we are fully committed to achieving excellence in Environment, Health & Safety (EHS) and conduct our activities in the most responsible manner. The importance of EHS is continually stressed and extensively promoted as a part of our corporate culture. As a part of this commitment, we enunciated our comprehensive EHS Policy way back in 1993.

We have established ISO 14001:2015 compliant Environmental Management System and OHSAS 18001:2007 / ISO 45001:2018 (OHSMS) compliant Occupational Health and Safety Management System at our key manufacturing facilities.

Close cooperation between all units and individuals is key to maintaining high standards of environment protection and safety at all the facilities. Safety training also plays a pivotal role in the awareness of all safety rules to be followed in operations, including when an emergency arises. The reporting year saw the safety and skill up-gradation training of approximately 90% of our employees, including 18% of permanent women employees.

Reporting of accidents, injuries and near misses are encouraged as an accident prevention measures. We formulate SOPs for the future, so that safer work practices can be adopted, and unsafe practices identified and discarded. The key ingredients of our occupational health and safety approach are:

- EHS Management System
- EHS Culture Building
- Safety Risk Management
- Emergency Preparedness
- Safety Inspections & Audits
- Use of Personal Protective Equipment (PPE)
- EHS Promotional initiatives

Recognition & Recreation

Recognition and recreation are two great tools to create an environment where the employees feel inspired to go beyond their call of duty. A continuous and conscious effort to reward excellence in performance through various programmes has been consistently implemented across the company.

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

Some of the other mechanisms include:

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

Principle 4 Stakeholder Engagement

Stakeholder engagement is a win-win process. While the stakeholders' feedback gives us a good insight to plan our future strategy, our sharing gives the stakeholders a fair idea of our future direction. Emerging technologies are increasingly becoming important as a tool for enabling stakeholder engagement.

A comprehensive engagement mechanism that involves all the stakeholders in decision-making, leads to a long-term relationship, understanding and trust with them. The three tenets of our engagement mechanism with our stakeholders are

- Inclusivity
- Accountability
- Responsibility

Inclusivity

Including all stakeholders gives us a diversity of views regarding our policies, processes, and products. Whether minor or major, internal or external, all stakeholders who have an impact, direct or indirect, on our business are engaged. Some of the identified key stakeholders include:

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

Accountability

Since our decisions and actions affect our stakeholders, we are answerable to them. This responsibility helps in maintaining integrity and transparency. A continuous and consistent, two-way communication that includes sharing information and receiving feedback, leads to trust and synergy. Some of the means we use to communicate include:

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

Responsibility

Stakeholders influence our decisions and are also impacted by them. Various stakeholders have varying degrees of effect and we are committed to responsibly balance the interests of all stakeholders.

Some may need time, some may require resource allocation, while others may need more engagement. The initiatives we design for them, takes into consideration all these differences, and provide what is required.

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

Principle 5 Human Rights

Human rights form the foundation of a fair society. Fundamental in nature and applicable universally, they require the rule of law as well as the empathy to understand the dignity of every human being.

Being present in various geographies, we adhere to this philosophy regardless of the nation, location, language, religion, ethnic origin, or any other status of any person. Our all-encompassing Human Rights Policy covering various principles ranging from freedom of association to freedom from harassment, applied across our operations is testament to our commitment.

All these principles are followed in letter and in spirit. So, we are not only compliant with all the statutory laws and regulations, we also have grievance redressal mechanisms in place for violations, if any. In the reporting year, there were no human rights violation complaints, relating either to child, forced and involuntary labour or discriminatory employment against the Company. However, we did receive one complaint related to sexual harassment during the year, which has been resolved.

Principle 6 Environment

As humans keep producing more for convenience and comfort, they are ironically progressing towards a time where clean air, fresh water, rich biodiversity and required natural resources are getting scarce.

At Sun Pharma, we are aware of the emerging situation and investing in measures that mitigate this situation. Be it conservation measures or reducing our dependence on limited resources, we are not only reducing the burden on the environment, but also on our operational costs.

A robust Environment, Health & Safety (EHS) policy is in place which is encouraging our employees to be more ecologically aware and our vigilant teams to be more cautious in pre-empting potential threats by developing relevant measures to address them.

Some of our green steps which are a must-do:

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

We also engage with the concerned authorities and industry in devising responsible laws, regulations, and standards.

Some of our key green initiatives include:

Waste Management

Investments have been made in process improvements as well as upgradation of effluent treatment plants, using membrane-based technologies, multi-effect thermal evaporators, agitated thin film dryers and hazardous waste incinerators. These measures have helped to reduce the environmental burden.

With equipment installed at all our major facilities for recycling of the treated effluent, we have achieved the status of zero liquid discharge at majority of our facilities, while 6 are in the process of obtaining the status. SOPs are in place to ensure effective waste management. Some of the SOPs include:

- Waste production is minimised at the source itself
- Waste materials including solvents, wastewater, glass, plastic liners, fibre drums, metal drum sheets, HDPE sheets and waste oil are recycled. Initiatives consist of setting up effluent treatment plants, recycling through registered recyclers and engaging scrap vendors for materials like paper, plastic, and HDPE
- Well-equipped solvent recovery systems enable us to recycle recovered solvents
- Ensure safe and responsible waste disposal as per Govt. norms and at Govt. approved sites

Energy Conservation

Energy conservation is at the top of the sustainable energy hierarchy. It not only reduces the need for energy, lowering resource depletion, and thus benefitting the environment, but also reduces operational costs making economic sense as well.

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

Greener Operations

Reduction in the consumption of energy was the prime focus at all our manufacturing plants and a lot of initiatives were undertaken. This was achieved through optimising the systems at various points, some of which are:

- Installation of condensate recovery system and increasing condensate recovery
- Usage of condensate water in boiler
- CFL replaced with LED as an energy conservation initiative
- Timer provided on field light and ETP blowers to save energy
- Installation of Variable Frequency Drives (VFDs) to save energy at AHUs
- Hot water generation from jacket heat exchanger
- Installation of RO plant in ETP and treated ETP water for cooling tower water makeup
- Steam condensate recovered and reused in boiler
- Installation of boiler economisers and air pre-heaters
- Replacement of cooling tower fan blade to save power
- Installation of energy efficient equipment like coating dry scrubber
- Using air compressor's exhaust air as inlet air for boiler combustion
- Hot water generation from jacket steam
- Spray drying of liquid waste (RO rejects) using flue gas heat of incinerator
- Optimisation of water evaporation, hence reduction in water consumption and simultaneously reduction in power consumption

Greener Investments

Renewable energy is a great opportunity to reduce our dependence on fossil fuels and we are committed to generate more green energy. Our investments in the wind energy are testimony of our commitment and in FY20, we generated around 1.6 Million kWh of clean energy.

Carbon Emission

By converting from 'conventional' furnace oil / light diesel oil boilers to 'eco-efficient' biomass briquette-based boilers, we are implementing Clean Development Mechanism (CDM) projects at our facilities. It not only restricts the emissions of our operations, but also achieves two more objectives:

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

As of now, we have 13 facilities equipped with the biomass fuelled boilers, with a total steam generation capacity of 123 tph.

As of March 31, 2020, there were no pending notices from pollution control boards.

Principle 7 Policy Advocacy

Being a leader brings responsibilities. Developing high quality affordable medicines trusted by healthcare professionals as well as patients and making it accessible across 6 continents is a mammoth task. Add to it, the ever-changing landscape of changes from technology to research to policy.

With our considerable experience and leadership position, we share our insights to influence key decisions that affects patients and their well-being, leading to better health policies. It also involves learning from best practices of others. While we collaborate with various stakeholders, trade, and industry associations, we are also members of:

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

Principle 8 Equitable Development

Long-term growth is achieved by a combination of economic and equitable development, where the inclusive economic progress supports the creation of healthy and vibrant communities, which in turn feed the economy.

At Sun Pharma, we are guided by our comprehensive Corporate Social Responsibility (CSR) Policy and our community development programmes are intended to contribute towards a better quality of life for the people in general, and upliftment of the marginalised sections of the society, in particular. In FY20, we invested ₹43.71 Million for the implementation of CSR programme and projects.

Our Corporate Social Responsibility initiatives focus on different thematic areas as per needs identified in local communities and aligned with areas mentioned in the Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The focus areas are:

- Healthcare Programmes
- Education Programmes
- Rural Development Programmes
- Sanitation Programmes
- Environment Conservation Programmes
- Drinking Water Projects
- Disaster Relief Programmes

Healthcare Programmes

Mobile Healthcare Unit Programme (MHU)

Mobile Healthcare services are aimed at providing primary healthcare services at the doorstep of communities living in the vicinity of our manufacturing plant locations. Through its continuous efforts, the MHU is ensuring preventive vaccination and encouraging regular medical check-ups among the rural population. These services are provided free of cost through MHU's intervention.

The Mobile Healthcare programme is operational in 11 different locations covering 6 states of India namely Gujarat, Tamil Nadu, Punjab, Himachal Pradesh, Madhya Pradesh, and Maharashtra. During FY20, it benefitted 209,725 persons including 144,343 curative treatment of patients through a total investment of ₹24.53 Million.

Navya Online Expert Opinion Service Project

We sponsored 500 cancer patients to receive expert opinions online from TMC-Navya (Tata Memorial Centre-Navya). These patients would not have otherwise had access to, or been able to afford, high-quality expert treatment plans to improve their chances of cure and quality of life. Navya Network provides expert opinions to cancer patient with an objective to impart low cost and effective treatment decisions while saving healthcare costs of the individual.

The project has benefitted 100 socio-economically disadvantaged patients all over India by connecting them to leading cancer specialists at Tata Memorial Centre and other expert centres through an investment of ₹4.25 Million during FY20.

Healthcare Infrastructure Programmes

Sun Pharma has been working on various health related programmes for upgradation in overall health infrastructure and service delivery. During the current fiscal, following projects were undertaken:

- Kidney dialysis of poor patients from Maharashtra and Gujarat
- Support in developing X-ray centre for treatment of underprivileged community at Vadodara, Gujarat

- Financial support to Citizen Blood Donation Society at Vadodara, Gujarat for promoting blood donation
- Maintenance of Govt. abandoned dispensary which aims at delivering primary healthcare services, provision of medicines, awareness generation camps, etc. at Toansa, Punjab

The programme has benefitted 6,530 people through execution of these projects, and we invested ₹0.73 Million in FY20 for these initiatives.

Children Eye Health Initiative Project

Children Eye Health Initiative Project was implemented in various schools of Vadodara district. The focus of the project was to conduct basic eye health screening of students and providing free spectacles to students suffering with any kind of vision issues.

During its 1st phase, screening of total 1,786 students was completed, out of which 602 students were identified with low vision and were provided with ready-made and tailor-made spectacles. The project was implemented with an investment of ₹0.13 Million during the FY20.

Education Programmes

Model School Development Project

Sun Pharma takes initiatives to enhance the educational standards in identified schools under this project by improving basic educational facilities. The following activities were carried out during FY20:

- Infrastructure upgradation in various Government schools of Halol, Panoli, Ahmednagar, Dewas, and Madurantakam
- Digital classroom in four Government schools of Halol and Karkhadi in Gujarat, and Madurantakam in Tamil Nadu
- Remedial classes for students of 12th std. in Halol, Gujarat
- Skill development and computer training to the women and youth at Malanpur, Madhya Pradesh and Vadodara, Gujarat

The project has benefitted 4,625 students, 150 other persons and the community with an investment of ₹5.10 Million.

Rural Development Programmes

Rural Infrastructure Projects

Sun Pharma helps rural communities by development of basic and relevant infrastructure. The communities are benefitted through various projects such as construction of mini water tanks, installation of solar streetlights, construction of cattle trough and cloth washing station, maintenance of cricket playground, construction of Anganwadi Centre, setting-up traffic blinkers, construction of community hall, etc.

We invested ₹2.21 Million during FY20 on these projects and approximately 1,070 households, 165 women & children, and other community members benefitted through these initiatives.

Water Conservation Projects

These projects are supported in view of water scarcity in our operational areas. The main objective is to harvest rainwater for onward use by the community.

The project was implemented in rural villages of Karkhadi (Gujarat) and Madurantakam (Tamil Nadu) with an investment of ₹0.31 Million during FY20 and benefitted more than 10,000 households and community at large.

Sanitation Programmes

Construction of Individual Toilets

With an aim to promote better human health and improved quality of life of rural communities, we took the initiative to construct individual household toilet blocks and to conduct IEC activities regarding awareness of good sanitation practices, etc.

During FY20, we invested ₹0.49 Million in this programme and 60 rural households from Madurantakam, Tamil Nadu, benefitted.

School Toilet Block Construction Project

We believe that quality education happens in a clean and healthy environment. The 'Swachh Bharat, Swachh Vidyalaya Abhiyan', launched by the Government aims to improve hygiene and sanitation across schools through improved water and sanitation facilities. In alignment with that, we have built dedicated toilet block facilities for girl students in government schools. It will enable them with the surety of safety, dignity, and equality.

The project was implemented in five government schools based at Halol (Gujarat) and one government school based at Ahmednagar (Maharashtra) with an investment of ₹1.87 Million during FY20 and benefitted 714 girl students.

Environment Conservation Programmes

We have implemented green belt development as a commitment towards environmental sustainability. Awareness generation activities have also been carried out in schools and community for sensitising people towards the importance of conservation of environment.

The project was implemented in Vadodara, Madurantakam, Ahmednagar and Paonta Sahib with an investment of ₹1.16 Million during FY20.

Drinking Water Projects

The focus is on provision of safe and potable drinking water in villages of Ahmednagar (Maharashtra), Toansa (Punjab) and Paonta (Himachal Pradesh). We provided water storage tanks at Ahmednagar, whereas deep borewell-based drinking water supply system is being maintained at Toansa throughout the year.

Also, drinking water supply system was renovated and restored at Paonta (Himachal Pradesh) under this programme. The project is benefitting 2,263 households with an investment of ₹0.32 Million during FY20.

Disaster Relief Programme (COVID-19)

The outbreak of Novel Corona Virus (COVID-19) was declared as world pandemic by WHO in March'20. Educating people for adapting measures to prevent the spread of Corona Virus became our key priority. Along with awareness generation programmes, we also distributed food packets in the rural communities of Madurantakam, Tamil Nadu. The total investment done was ₹0.06 Million during FY20.

Principle 9 Customer Value

We develop high-quality, affordable medicines trusted by healthcare professionals and patients in over 100 countries across 6 continents. State-of-the-art plants, cutting-edge technology, robust processes, and comprehensive policies, all resulting in medications that alleviate pain of the patients and heal them. Customer is at the core of all our endeavours. We create value for the customer by

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

Chronic Healthcare Products

We produce a comprehensive portfolio of specialty and generic products targeting a wide spectrum of chronic and acute treatments. Our manufacturing capabilities span generics, branded generics, complex generics, specialty products, over the counter (OTC) products, anti-retrovirals (ARVs), Active Pharmaceutical Ingredients (APIs) and intermediates.

But our real achievement lies in making these products affordable and accessible for our customers. Our presence in more than 100 countries helps us in being responsive to local treatment needs, while continually improving our global product offering in a range of therapeutic segments including psychiatry, anti-infectives, neurology, cardiology, orthopaedic, diabetology, gastroenterology, ophthalmology, nephrology, urology, dermatology, gynaecology, respiratory, oncology, dental and nutritionals.

Product Safety

Being in the healthcare industry, product safety is crucial. Quality of our products directly affects the well-being of our patients. Any adverse effects which may arise in or due to our products, is critical. Hence, we have incorporated pharmaco-vigilance SOPs to methodically examine, detect, and gauge them, which allows us to remove these at the development phase itself.

Our R&D experts play a huge role in setting a higher benchmark where product safety and quality are concerned, raising us to be a global leader in our segment. They are supported by the holistic quality management system in place. It includes the 'adverse impact reporting form' which is available on our website for anyone to fill in case of an unfortunate event. The feedback is used to create an updated database of unfavourable incidents that helps in assessing the systematic benefit-risk ratio of the medicine.

Active Engagement

Our engagement with our customers is continuous and consistent. To make it effective, we follow the two-way process:

Provide:

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

Receive:

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

There is no material case filed by any stakeholder against Sun Pharma, regarding dishonest trade practices or irresponsible advertising, during the last eleven years.

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, 2020, 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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Litigations (as described in Note 39 of the standalone Ind AS financial statements)	
The Company is involved in various legal proceedings including product liability, contracts, employment claims, 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 profit and balance sheet position.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification, evaluation of litigations, the recording/re-assessment of the related liabilities, provisions and disclosures. • Obtained a list of litigations from the Company's in-house legal counsel; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions. • Circulated, obtained and read legal confirmations from Company's external legal counsels in respect of material litigations and considered that in our assessment.

Key audit matter	How our audit addressed the key audit matter
Considering the judgement involved in determining the need to make a provision or disclose as contingent liability, the matter is considered a key audit matter.	• Read the disclosures related to provisions and contingent liabilities in the standalone Ind AS financial statements to assess consistency with underlying documents.
Tax litigations and recognition of deferred tax assets (as described in Note 9 and 39 of the standalone Ind AS financial statements)	
The Company has significant tax litigations for which the Company assesses the outcome on a case-to-case basis considering the underlying facts of each tax litigation. Adverse outcomes could significantly impact the Company's reported profit and balance sheet position. The assessment of outcome of litigations involves significant judgement which is dependent on the facts of each case, supporting judicial precedents and legal opinions of external and internal legal counsels and hence has been considered as a Key Audit Matter. Recognition of deferred tax assets involves the assessment of its recoverability within the allowed time frame involves significant estimate of the financial projections, availability of sufficient taxable income in the future and also involves significant judgements in the interpretation of tax regulations and tax positions adopted by the Company.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations/Deferred tax and the recording and re-assessment of the related liabilities/assets and provisions and disclosures. • Obtained complete list of ongoing tax litigations from management along-with their assessment of the cases based on past precedents, judgements and matters in the jurisdiction, legal opinions sought by management, correspondences with tax department etc. • Engaged tax specialists, to evaluate management's assessment of the outcome of these litigations. • Our specialists considered legal precedence and other rulings in evaluating management's position on these tax litigations. • Tested management's assumptions including forecasts and sensitivity analysis in respect of recoverability of deferred taxes on unabsorbed depreciation/carry forward losses. • Evaluated disclosures of the tax positions, tax loss carry forwards and tax litigations in the standalone Ind AS financial statements.
Identification and disclosures of Related Parties (as described in Note 51 of the standalone Ind AS financial statements)	
The Company has related party transactions which include, amongst others, sale and purchase of goods/services to its subsidiaries, associates, joint ventures and other related parties and lending and borrowing to its subsidiaries, associates and joint ventures. We focused on identification and disclosure of related parties in accordance with relevant accounting standards as a key audit matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Obtained a list of related parties from the Company's Management and traced the related parties to declarations given by directors, where applicable, and to Note 51 of the standalone Ind AS financial statements. • Read minutes of the meetings of the Board of Directors and Audit Committee • Tested material creditors/debtors, loan outstanding/loans taken to evaluate existence of any related party relationships; tested transactions based on declarations of related party transactions given to the Board of Directors and Audit Committee. • Evaluated the disclosures in the standalone Ind AS financial statements for compliance with Ind AS 24.
COVID-19: Impact on financial reporting and audit procedures (as described in Note 56(12) of the standalone Ind AS financial statements)	
Coronavirus disease 2019 ("COVID-19), was declared a global pandemic by World Health Organisation. COVID-19 has caused severe disruptions, caused by Government actions, consequent business decisions or economic environment developments. As a measure for containment of COVID19, lockdowns were imposed by Governments in various geographies where the Company operates. The extent to which COVID-19 impacts the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain or treat its impact. It has led to the reassessment of certain assumptions and judgements used in preparation of financial statements. Further,	Our audit procedures amongst others included the following: • Inquired with the Company on Government actions including tax breaks and incentives, consequent business decisions, subsequent events and other economic developments which could have an impact on the financial statements and ascertained whether the impact has been appropriately recorded. • Inquired with management the exposure to litigation or financial penalties that could adversely impact the Company's financial results in case of material interruption of supply and invocation of failure to supply clauses in several long-term contracts with customers in various geographies, including the United States. Obtained and read the relevant agreements and correspondence

Key audit matter	How our audit addressed the key audit matter
the lockdown restrictions caused by COVID-19 has also necessitated alternative audit procedures to be used and required us to exercise significant judgement on their use.	with customers and legal counsel to assess the appropriateness of the impact of such clauses. • Revisited the assumptions in the ECL model to assess if any change was required to incorporate the impact of COVID-19. • Assessed the impact of COVID-19 on assumptions in matters involving use of significant judgements and estimations. Such matters are described in section Litigations & Tax litigations and recognition of deferred tax assets of our audit report. • Regular inventory counts which are performed as at year-end could not be performed and hence alternative procedures have been performed and the inventory balances have been rolled back to year-end. The alternative procedures also involved, engaging independent Chartered Accountants to conduct post year-end stock counts and roll back procedures under our direction and supervision in locations where it was impracticable for us to do.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

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

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

  i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;

  ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 25 and 29 to the standalone Ind AS financial statements;

  iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except a sum of ₹1.05 Million, which is held in abeyance due to pending legal cases.

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
UDIN: 20105754AAAACS2010

Place of Signature: Pune
Date: May 27, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

RE: SUN PHARMACEUTICAL INDUSTRIES LIMITED ('THE COMPANY')

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

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

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

Type of asset	Total number of cases	Gross Block as on March 31, 2020 (₹ Million)	Net Block as on March 31, 2020 (₹ Million)	Remarks
Freehold Land including building located thereon	8	238.11	221.25	The title deeds are in the name of erstwhile companies that were merged with the Company under relevant provisions of the Companies Act, 1956/2013 in terms of approval of the Honorable High Courts of respective states.
Leasehold Land	3	272.35	270.49	

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

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

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

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

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

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

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

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

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess, wherever applicable and which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Forum where the dispute is pending	Year to which it pertains	Amount (₹ Million)*
Income Tax Act, 1961	Income Tax, Interest and Penalty	Income Tax Appellate Tribunal (ITAT)	Various years from 2006-07 to 2011-12	12,566.32
Income Tax Act, 1961	Income Tax, Interest and Penalty	Commissioner of Income Tax (Appeals)	Various years from 2009-10 to 2014-15	460.83
Income Tax Act, 1961	Income Tax and Interest	High Court	Various years from 2007-08	41.55
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 2015-16	699.78
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner (Appeals)	Various years from 2003-04 to 2017-18	35.88
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	High Court	Various years from 2003-04 to 2013-14	4.88
Finance Act, 1994	Service Tax	Assistant/Additional/Senior Joint Commissioner	Various years from 2004-05 to 2017-18	37.78
Finance Act, 1994	Service Tax	CESTAT	Various years from 2013-14 to 2015-16	2.29
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Assistant/Additional/Senior Joint Commissioner	Various years from 1999-00 to 2016-17	39.01
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Appellate Authority	Various years from 1998-99 to 2015-16	1.90
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Tribunal	Various years from 1998-99 to 2013-14	2.89
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	High Court	Various years from 1999-00 to 2010-11	43.10
Custom Act, 1962	Customs Duty, Penalty and Interest	Commissioner (Appeals)	Various years from 2008-09 to 2014-15	21.62
Custom Act, 1962	Customs Duty, Penalty and Interest	CESTAT	Various years from 2010-11 to 2012-13	115.97

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

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

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

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

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

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

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

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

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

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

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
UDIN: 20105754AAAACS2010

Place of Signature: Pune
Date: May 27, 2020

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, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

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

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

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, 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 No. : 105754
UDIN: 20105754AAAACS2010

Place of Signature: Pune
Date: May 27, 2020

Standalone Balance Sheet
as at March 31, 2020

₹ in Million

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3 (a) & 3 (b)	49,103.1	47,092.1
(b) Capital work-in-progress		3,843.5	4,562.5
(c) Goodwill	4	1,208.0	1,208.0
(d) Other Intangible assets	4	1,976.3	1,484.1
(e) Intangible assets under development		2,122.6	1,862.9
(f) Investments in the nature of equity in subsidiaries	5	169,581.1	175,907.7
(g) Financial assets			
(i) Investments	6	85.4	653.9
(ii) Loans	7	7.4	10.0
(iii) Other financial assets	8	849.3	546.1
(h) Deferred tax assets (Net)	9	11,397.1	7,517.0
(i) Income tax assets (Net)	10	20,780.2	21,101.2
(j) Other non-current assets	11	3,738.1	3,498.1
Total non-current assets		**264,692.1**	**265,443.6**
(2) Current assets			
(a) Inventories	12	26,336.7	27,926.2
(b) Financial assets			
(i) Investments	13	3,950.7	2,479.5
(ii) Trade receivables	14	61,681.3	50,314.7
(iii) Cash and cash equivalents	15	2,205.0	3,027.6
(iv) Bank balances other than (iii) above	16	4,342.8	380.1
(v) Loans	17	4,485.9	2,947.3
(vi) Other financial assets	18	7,584.2	11,150.1
(c) Other current assets	19	8,824.6	13,472.2
Total current assets		119,411.2	**111,697.7**
TOTAL ASSETS		384,103.3	**377,141.3**

Standalone Balance Sheet
as at March 31, 2020

₹ in Million

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	2,399.3	2,399.3
(b) Other equity	21	241,562.9	226,036.8
Total equity		**243,962.2**	**228,436.1**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	12,566.9	14,225.0
(ii) Other financial liabilities	23	161.7	10.2
(b) Other non-current liabilities	24	1,455.5	181.0
(c) Provisions	25	13,919.6	1,570.7
Total non-current liabilities		**28,103.7**	**15,986.9**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	45,053.3	44,280.5
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	45	461.8	659.8
(b) total outstanding dues of creditors other than micro and small enterprises		22,887.1	20,889.4
(iii) Other financial liabilities	27	26,218.6	36,878.7
(b) Other current liabilities	28	6,437.2	4,572.6
(c) Provisions	29	10,979.4	25,437.3
Total current liabilities		**112,037.4**	**132,718.3**
Total liabilities		**140,141.1**	**148,705.2**
TOTAL EQUITY AND LIABILITIES		**384,103.3**	**377,141.3**

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

As per our report of even date

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

per PAUL ALVARES
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Standalone Statement of Profit and Loss

for the year ended March 31, 2020

₹ in Million

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
(I) Revenue from operations	30	125,319.3	103,032.1
(II) Other income	31	15,109.2	12,714.4
(III) Total income (I + II)		**140,428.5**	**115,746.5**
(IV) EXPENSES			
Cost of materials consumed	32	32,017.1	27,277.1
Purchases of stock-in-trade		12,274.1	11,968.5
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	1,386.0	(2,513.0)
Employee benefits expense	34	17,027.7	15,713.4
Finance costs	35	4,080.1	5,409.2
Depreciation and amortisation expense	3 (a), 3 (b) & 4	5,615.6	5,529.5
Other expenses	36	35,140.8	30,893.1
Net loss on foreign currency transactions		357.1	2,130.4
Total expenses (IV)		**107,898.5**	**96,408.2**
(V) PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III - IV)		**32,530.0**	**19,338.3**
(VI) Exceptional item	56 (2)	-	12,143.8
(VII) PROFIT BEFORE TAX (V - VI)		**32,530.0**	**7,194.5**
(VIII) TAX EXPENSE/(CREDIT)			
Current tax	38	3,864.6	15.5
Deferred tax	9 & 38	(3,446.0)	(987.0)
Total tax expense /(credit) (VIII)		**418.6**	**(971.5)**
(IX) PROFIT FOR THE YEAR (VII - VIII)		**32,111.4**	**8,166.0**
(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		(286.4)	165.0
Income tax on above		100.1	(57.7)
b. Gain /(loss) on equity instrument through other comprehensive income		(38.6)	(52.1)
Income tax on above		13.5	18.2
Total - (A)		**(211.4)**	**73.4**
B) Items that may be reclassified to the statement of profit or loss			
a. Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		(929.2)	535.2
Income tax on above		324.7	(187.0)
b. Gain/(loss) on debt instrument through other comprehensive income		12.1	2.9
Income tax on above		(4.2)	(1.0)
c. Foreign currency translation reserve [gain/(loss)]		-	2,173.4
Income tax on above		-	(759.5)
Total - (B)		**(596.6)**	**1,764.0**
Total other comprehensive income (A+B) (X)		**(808.0)**	**1,837.4**
(XI) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		**31,303.4**	**10,003.4**
Earnings per equity share (face value per equity share - ₹1)	46		
Basic (in ₹)		13.4	3.4
Diluted (in ₹)		13.4	3.4

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
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

₹ 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, 2018	2,399.3	53,575.2	11,929.1	43.8	7.5	34,779.3	120,370.0	60.0	(10.1)	72.0	-	223,226.1
Profit for the year	-	-	-	-	-	-	8,166.0	-	-	-	-	8,166.0
Other comprehensive income for the year	-	-	-	-	-	-	^ 107.3	(33.9)	1.9	1,413.9	348.2	1,837.4
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**8,273.3**	**(33.9)**	**1.9**	**1,413.9**	**348.2**	**10,003.4**
Payment of dividend	-	-	-	-	-	-	(4,791.6)	-	-	-	-	(4,791.6)
Dividend distribution tax	-	-	-	-	-	-	(5.6)	-	-	-	-	(5.6)
Issue of equity shares	@ 0.0	-	3.8	-	-	-	-	-	-	-	-	3.8
Balance as at March 31, 2019	**2,399.3**	**53,575.2**	**11,932.9**	**43.8**	**7.5**	**34,779.3**	**123,846.1**	**26.1**	**(8.2)**	**1,485.9**	**348.2**	**228,436.1**
Profit for the year	-	-	-	-	-	-	32,111.4	-	-	-	-	32,111.4
Other comprehensive income for the year	-	-	-	-	-	-	^ (186.3)	(25.1)	7.9	-	(604.5)	(808.0)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**31,925.1**	**(25.1)**	**7.9**	**-**	**(604.5)**	**31,303.4**
Payment of dividend	-	-	-	-	-	-	(13,789.6)	-	-	-	-	(13,789.6)
Dividend distribution tax	-	-	-	-	-	-	(1,928.9)	-	-	-	-	(1,928.9)
Expenditure on buy-back of shares [Refer Note 56(8)]	-	-	(58.8)	-	-	-	-	-	-	-	-	(58.8)
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**

^ Represents remeasurements of the defined benefit plans

@ : ₹11,790

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

As per our report of even date

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

per PAUL ALVARES
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Standalone Cash Flow Statement

for the year ended March 31, 2020

₹ in Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	32,530.0	7,194.5
Adjustments for:		
Depreciation and amortisation expense	5,615.6	5,529.5
Loss on sale/write off of property, plant and equipment and intangible assets, net	51.0	341.0
Finance costs	4,080.1	5,409.2
Interest income	(700.6)	(1,293.6)
Dividend income on investments	(9,258.3)	(8,909.3)
Net gain arising on financial assets measured at fair value through profit or loss	(7.2)	(2.0)
Net gain on sale of financial assets measured at fair value through profit or loss	(121.4)	(113.0)
Net (gain)/loss on sale of financial assets measured at fair value through other comprehensive income	(0.4)	0.1
Gain on sale of investment in subsidiary	(2,244.3)	(1,862.4)
Provision/write off/(reversal) for doubtful trade receivables/advances	535.4	(147.0)
Sundry balances written back, net	(17.3)	(35.6)
Provision/(reversal) in respect of losses of a subsidiary	(2,502.9)	366.9
Effect of exchange rate changes	2,399.4	5,202.8
Operating profit before working capital changes	**30,359.1**	**11,681.1**
Movements in working capital:		
(Increase)/decrease in inventories	1,589.5	(6,569.8)
(Increase)/decrease in trade receivables	(9,217.2)	1,698.5
(Increase)/decrease in other assets	2,975.3	(1,302.3)
(Decrease)/increase in trade payables	940.6	(4,012.0)
(Decrease)/increase in other liabilities	(10,222.7)	15,677.5
(Decrease)/increase in provisions	4.5	(4,376.9)
Cash generated from operations	**16,429.1**	**12,796.1**
Income tax paid (net of refund)	(3,370.6)	(374.3)
Net cash generated from operating activities (A)	**13,058.5**	**12,421.8**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(5,718.0)	(5,967.1)
Proceeds from disposal of property, plant and equipment and intangible assets	63.5	123.1
Loans/Inter corporate deposits		
Given to		
Subsidiary companies	(1,508.7)	(2,934.3)
Others	-	(500.0)
Received back/matured from		
Subsidiary companies	128.2	303.3
Others	-	820.0
Purchase of investments		
Others	(148,662.5)	(170,975.8)
Proceeds from sale/redemption of investments		
Subsidiary companies	8,570.9	8,580.4
Others	147,862.4	168,834.8
Bank balances not considered as cash and cash equivalents		
Fixed deposits/margin money placed	(278.6)	(3,077.0)
Fixed deposits/margin money matured	551.5	3,173.0
Interest received	283.5	1,192.0
Dividend received from		
Subsidiary companies	13,500.7	4,764.5
Others (March 31, 2019 : ₹30,000)	-	0.0
Net cash from investing activities (B)	**14,792.9**	**4,336.9**
C. Cash flow from financing activities		
Proceeds from issue of equity shares on exercise of stock options/share application money received	-	3.8
Proceeds from borrowings		
Subsidiary company	34,178.4	15,340.9
Others	71,362.2	155,882.9
Repayment of borrowings		
Subsidiary companies @	(22,670.7)	(21,390.6)
Others @	(90,001.1)	(157,039.8)

Standalone Cash Flow Statement
for the year ended March 31, 2020

₹ in Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Transfer to escrow account for buy-back *	(4,250.0)	-
Payment for share buy-back expenses	(58.8)	-
Finance costs	(1,550.7)	(2,675.7)
Dividend paid	(13,791.9)	(4,801.8)
Dividend distribution tax	(1,928.9)	(5.6)
Net cash used in financing activities (C)	**(28,711.5)**	**(14,685.9)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(860.1)	2,072.8
Cash and cash equivalents at the beginning of the year	3,027.6	978.0
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	37.5	(23.2)
Cash and cash equivalents at the end of the year	**2,205.0**	**3,027.6**

@ Includes payment of lease obligation for the year ended March 31, 2020.

* Represents amount transferred to escrow account in compliance with Securities and Exchange Board of India (Buy-back of Securities) Regulation, 2018. [Refer Note 56 (8)]

Notes:

Cash and cash equivalents comprises of

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	2,197.0	3,023.3
Cash on hand	8.0	4.3
Cash and cash equivalents in cash flow statement (Refer Note 15)	**2,205.0**	**3,027.6**

Change in financial liability/asset arising from financing activities

₹ in Million

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Borrowings #	Derivatives, net [(Liabilities)/Asset]	Borrowings	Derivatives, net [(Liabilities)/Asset]
Opening balance	**64,366.4**	**214.7**	**68,840.1**	**754.1**
Changes from financing cash flows	(6,833.0)	(228.7)	(7,206.6)	(827.8)
Effect of changes in foreign exchange rates	3,767.7	14.0	2,277.7	73.7
Changes in fair value	-	(161.7)	-	214.7
Other changes	545.9	-	455.2	-
Closing balance	**61,847.0**	**(161.7)**	**64,366.4**	**214.7**

For movement of lease liabilities, Refer Note 48

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
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE 1. GENERAL INFORMATION

Sun Pharmaceutical Industries Limited ("the Company") is a public limited company incorporated and domiciled in India, having it's registered office at Vadodara, Gujarat, India and is listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company is in the business of manufacturing, developing and marketing a wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The 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 27, 2020.

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, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2019.

2.2 Basis of preparation and presentation

The 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 except for the policy described in (j) below which has been applied from the period beginning April 01, 2019.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The 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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

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

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

Depreciation is recognised on the cost of assets (other than freehold land and Capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter. Depreciation methods, useful lives and residual values 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	60
Buildings given under operating lease	30
Plant and equipment	3-25
Vehicles	5-10
Office equipment	2-5
Furniture and fixtures	10

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

e. Goodwill and Other Intangible assets

Goodwill

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

Other Intangible assets

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

Research and development

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

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

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

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

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

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

The estimated useful lives for Product related intangibles and Other intangibles ranges from 3 to 20 years.

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

De-recognition of intangible assets

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

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").

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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.

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

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

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

Equity instruments

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

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

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

Derecognition

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

- The contractual rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

Impairment of financial assets

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound financial instruments

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

Initial recognition and measurement

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

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

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

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.

Embedded derivatives

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

Reclassification of financial assets

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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. 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.

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

Treasury shares

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

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

Dividend distribution to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and 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 the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring

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

Onerous contracts

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

Contingent liabilities and contingent assets

Contingent liability is disclosed for,

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

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

Contingent assets are not recognised in the financial statements. 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Out-licensing arrangements

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

Sales returns

The 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

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

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

p. Government grants

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

q. Employee benefits

Defined benefit plans

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

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

Termination benefits

Termination benefits are recognised as an expense 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Share-based payment arrangements

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

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

r. Borrowing costs

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

s. Income tax

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

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

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

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.

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

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 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

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

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, 2020.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 3 (a) PROPERTY, PLANT AND EQUIPMENT

₹ in Million

	Freehold land	Leasehold land	Buildings	Buildings - leased	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost									
As at March 31, 2018	1,041.2	562.4	14,160.1	16.9	39,431.5	958.2	481.1	758.1	57,409.5
Foreign currency translation reserve	-	-	-	-	39.2	-	-	-	39.2
Additions	106.4	367.2	490.9	-	7,065.3	48.3	67.7	207.9	8,353.7
Disposals	(0.1)	-	(2.7)	-	(487.3)	(5.3)	(88.7)	(8.0)	(592.1)
As at March 31, 2019	**1,147.5**	**929.6**	**14,648.3**	**16.9**	**46,048.7**	**1,001.2**	**460.1**	**958.0**	**65,210.3**
Additions	0.1	-	380.5	-	4,008.9	71.3	54.5	182.6	4,697.9
Disposals	-	-	(1.6)	-	(148.3)	(1.8)	(83.8)	(11.8)	(247.3)
Reclassified to Right-of-use assets	-	(929.6)	-	-	-	-	-	-	(929.6)
As at March 31, 2020	**1,147.6**	**-**	**15,027.2**	**16.9**	**49,909.3**	**1,070.7**	**430.8**	**1,128.8**	**68,731.3**
Accumulated depreciation and impairment									
As at March 31, 2018	-	20.6	1,468.7	1.5	10,891.4	415.2	219.2	387.7	13,404.3
Foreign currency translation reserve	-	-	-	-	21.4	-	-	-	21.4
Depreciation expense	-	11.0	495.9	0.5	4,068.7	104.8	93.9	160.7	4,935.5
Disposals	-	-	(0.2)	-	(182.0)	(4.0)	(49.9)	(6.9)	(243.0)
As at March 31, 2019	**-**	**31.6**	**1,964.4**	**2.0**	**14,799.5**	**516.0**	**263.2**	**541.5**	**18,118.2**
Depreciation expense	-	-	455.3	-	4,000.3	92.8	76.4	168.2	4,793.0
Disposals	-	-	(0.2)	-	(94.8)	(1.2)	(60.9)	(10.0)	(167.1)
Reclassified to Right-of-use assets	-	(31.6)	-	-	-	-	-	-	(31.6)
As at March 31, 2020	**-**	**-**	**2,419.5**	**2.0**	**18,705.0**	**607.6**	**278.7**	**699.7**	**22,712.5**
Net book value									
As at March 31, 2019	**1,147.5**	**898.0**	**12,683.9**	**14.9**	**31,249.2**	**485.2**	**196.9**	**416.5**	**47,092.1**
As at March 31, 2020	**1,147.6**	**-**	**12,607.7**	**14.9**	**31,204.3**	**463.1**	**152.1**	**429.1**	**46,018.8**

Footnotes

(i) Buildings include ₹8,620.0 (As at March 31, 2019 : ₹8,620.0) towards cost of shares in a co-operative housing society and also includes ₹1.1 Million (As at March 31, 2019 : ₹1.1 Million) and ₹1,133.0 Million (As at March 31, 2019 : ₹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, 2019 : ₹4.5 Million) towards cost of flats not registered in the name of the Company but is entitled to right of use and occupancy.

(ii) For details of assets pledged as security refer Note 50.

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

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

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

₹ in Million

	Leasehold Land	Building	Plant and equipment	Total
As at March 31, 2019	-	-	-	-
Reclassified from Property, plant and equipment	898.0	-	-	898.0
Addition on account of transition to Ind AS 116	200.1	282.0	3.6	485.7
Addition	-	9.5	1,857.3	1,866.8
Less : Depreciation expense	14.5	95.6	56.1	166.2
As at March 31, 2020	**1,083.6**	**195.9**	**1,804.8**	**3,084.3**

Footnote

(i) For details of Ind AS 116 disclosure refer Note 48.

NOTE : 4 GOODWILL/OTHER INTANGIBLE ASSETS

Other than internally generated

₹ in Million

	Computer Software	Product related intangibles	Goodwill	Total
At cost or deemed cost				
As at March 31, 2018	1,048.4	6,060.7	1,208.0	8,317.1
Foreign currency translation reserve	0.4	438.3	-	438.7
Additions	705.5	204.2	-	909.7
Disposals	(0.7)	(261.7)	-	(262.4)
As at March 31, 2019	**1,753.6**	**6,441.5**	**1,208.0**	**9,403.1**
Additions	433.7	749.2	-	1,182.9
Disposals	(17.8)	(102.9)	-	(120.7)
As at March 31, 2020	**2,169.5**	**7,087.8**	**1,208.0**	**10,465.3**
Accumulated amortisation and impairment				
As at March 31, 2018	513.4	5,363.2	-	5,876.6
Foreign currency translation reserve	0.4	387.4	-	387.8
Amortisation expense	244.8	349.2	-	594.0
Disposals	(0.6)	(146.8)	-	(147.4)
As at March 31, 2019	**758.0**	**5,953.0**	**-**	**6,711.0**
Amortisation expense	414.5	241.9	-	656.4
Disposals	(16.3)	(70.1)	-	(86.4)
As at March 31, 2020	**1,156.2**	**6,124.8**	**-**	**7,281.0**
Net book value				
As at March 31, 2019	**995.6**	**488.5**	**1,208.0**	**2,692.1**
As at March 31, 2020	**1,013.3**	**963.0**	**1,208.0**	**3,184.3**

Footnotes

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

(ii) Refer Note 56 (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.

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

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

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments				
Unquoted (At cost less impairment in value of investments, if any)				
Sun Pharmaceutical Industries, Inc.				
Common shares of no par value	8,387,666	304.2	8,387,666	304.2
Sun Farmaceutica do Brasil Ltda				
Quota of Capital Stock of Real 1 each fully paid	4,019	18.3	4,019	18.3
Sun Pharma De Mexico, S.A. DE C.V.				
Common Shares of no Face Value	750	3.3	750	3.3
Sun Pharmaceutical (Bangladesh) Limited				
Ordinary Shares of 100 Takas each fully paid	434,469	36.5	434,469	36.5
Share application money		31.6		31.6
Sun Pharmaceutical Peru S.A.C.				
Ordinary Shares of Soles 10 each fully paid	149	0.0	149	0.0
[₹21,734 (March 31, 2019: ₹21,734)]				
SPIL DE Mexico S.A. DE CV				
Nominative and free Shares of 500 Mexican Pesos each fully paid	100	0.2	100	0.2
OOO "Sun Pharmaceutical Industries" Limited				
Par value rouble stock fully paid	1	8.8	1	8.8
5,250,000 Rouble (March 31, 2019: 5,250,000 Rouble)				
Green Eco Development Centre Limited				
Shares of ₹10 each fully paid	700,000	7.0	700,000	7.0
Sun Pharma De Venezuela, C.A.				
Shares of Bolivars (Bs.F.) 100 each, Bolivars (Bs.F.) 50 per share paid	1,000	0.5	1,000	0.5
Sun Pharma Laboratories Limited				
Shares of ₹10 each fully paid	40,050,000	1.5	50,000	1.5
Faststone Mercantile Company Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Foundation for Disease Elimination and Control of India				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Neetnav Real Estate Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Realstone Multitrade Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Skisen Labs Private Limited				
Shares of ₹10 each fully paid	16,360,000	163.6	16,360,000	163.6
Less: Impairment in value of investment		(163.6)		(163.6)
		-		-
Softdeal Trading Company Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Sun Pharma Holdings				
Shares of US$1 each fully paid	855,199,716	54,031.5	855,199,716	54,031.5
Sun Pharma (Netherlands) B.V. [formerly known as Ranbaxy (Netherlands) B.V.]				
Ordinary Shares of Euro 100 each fully paid	5,473,340	39,877.3	5,473,340	39,877.3

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

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Sun Pharma France [formerly known as Ranbaxy Pharmacie Generiques SAS]				
Ordinary Shares of Euro 1 each fully paid	-	-	24,117,250	4,709.1
Less: Impairment in value of investment		-		(4,709.1)
		-		-
Ranbaxy Malaysia Sdn. Bhd.				
Ordinary Shares of RM 1 each fully paid	3,189,248	37.0	3,189,248	37.0
Ranbaxy Nigeria Limited				
Ordinary Shares of Naira 1 each fully paid	-	-	13,070,648	8.6
Quoted (At cost less impairment in value of investments, if any)				
Zenotech Laboratories Limited				
Shares of ₹10 each fully paid	35,128,078	3,318.5	35,128,078	3,318.5
Less: Impairment in value of investment		(1,737.8)		(1,737.8)
		1,580.7		**1,580.7**
		95,938.9		**95,947.5**
Preference shares - unquoted (At cost)				
Sun Pharma Holdings				
5% Optionally Convertible Preference Shares US$1 each fully paid	1,165,593,148	73,642.2	1,265,593,148	79,960.2
		169,581.1		**175,907.7**
Aggregate amount of unquoted investments before impairment		168,164.0		179,199.7
Aggregate book value (carrying value) of quoted investments before impairment		3,318.5		3,318.5
Aggregate amount of impairment in value of investments		1,901.4		6,610.5
Aggregate amount of quoted investments at market value		516.4		746.5

NOTE : 6 INVESTMENTS (NON-CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Other investments				
Investments in equity instruments				
Quoted (Fair value through other comprehensive income)				
Krebs Biochemicals and Industries Limited				
Shares of ₹10 each fully paid	1,050,000	81.6	1,050,000	120.2
Unquoted (Fair value through profit and 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)
		-		-
Nimbua Greenfield (Punjab) Limited				
Shares of ₹10 each fully paid	140,625	1.4	140,625	1.4

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

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Watsun Infrabuild Private Limited	124,007	1.2	110,832	1.1
Shares of ₹10 each fully paid				
		85.4		**123.9**
Investments in government securities				
Quoted (Fair value through other comprehensive income)				
8.01% Government of Rajasthan UDAY 2020				
Bond of ₹1 each fully paid maturing June 23, 2020	-	-	27,400,000	27.1
7.62% Government of Telangana UDAY 2026				
Bond of ₹1 each fully paid maturing March 7, 2026	-	-	100,000,000	98.4
7.98% Government of Telangana UDAY 2030				
Bond of ₹1 each fully paid maturing March 7, 2030	-	-	100,000,000	100.1
8.24% Government of Tamil Nadu UDAY 2028				
Bond of ₹1 each fully paid maturing March 22, 2028	-	-	50,000,000	50.8
8.11% Government of Chhattisgarh SDL 2028				
Bond of ₹1 each fully paid maturing January 31, 2028	-	-	200,000,000	202.2
8.29% Government of West Bengal SDL 2028				
Bond of ₹1 each fully paid maturing February 21, 2028	-	-	50,000,000	51.4
Unquoted (Amortised cost)				
National savings certificates		0.0		0.0
[₹10,000 (March 31, 2019: ₹10,000)]				
		0.0		**530.0**
		85.4		**653.9**
Aggregate book value (carrying value) of quoted investments		81.6		650.2
Aggregate amount of quoted investments at market value		81.6		650.2
Aggregate amount of unquoted investments before impairment		938.3		938.2
Aggregate amount of impairment in value of investments		934.5		934.5

NOTE : 7 LOANS (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Loans to employees/others		
Secured, considered good	3.4	3.1
Unsecured, considered good	4.0	6.9
	7.4	**10.0**

NOTE : 8 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Deposits	0.9	1.4
Security deposits (unsecured, considered good)	414.3	424.0
Derivatives not designated as hedges	-	120.7
Unbilled revenue (Refer Note 55)	434.1	-
	849.3	**546.1**

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 9 DEFERRED TAX ASSETS (NET)

₹ in Million

	Opening balance April 01, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance March 31, 2020
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	(5,832.2)	59.5	-	(5,772.7)
Difference in carrying value and tax base of financial assets of investments	(14.3)	(5.4)	9.3	(10.4)
Derivatives designated as hedges	(187.0)	0.3	324.7	138.0
Deferred revenue	-	532.5	-	532.5
Other liabilities	(724.2)	724.2	-	-
Allowance for doubtful debts and advances	601.6	148.1	-	749.7
Expenses claimed for tax purpose on payment basis	353.8	94.9	100.1	548.8
Unabsorbed depreciation/carried forward losses	5,800.8	(1,989.0)	-	3,811.8
Other assets	1.5	0.8	-	2.3
	-	**(434.1)**	**434.1**	**-**
MAT credit entitlement	7,517.0	3,880.1	-	11,397.1
	7,517.0	**3,446.0**	**434.1**	**11,397.1**

₹ in Million

	As at March 31, 2020	As at March 31, 2019
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	76,652.8	81,976.0
Tax losses (Capital in nature)*	10,690.2	743.5
Unabsorbed depreciation	28,634.9	37,767.1
Unused tax credits (MAT credit entitlement)	2,874.3	2,874.3
Deductible temporary differences	19,779.3	20,758.2
	138,631.5	**144,119.1**

The unused tax credits will expire from financial year 2022-23 to financial year 2027-28 and unused tax losses will expire from financial year 2021-22 to financial year 2027-28.

* Includes loss on sale of Investment in Sun Pharma France [formerly known as Ranbaxy Pharmacie Generiques SAS]. In the current year, the Company sold its entire stake in Ranbaxy Nigeria Limited and Sun Pharma France, to Sun Pharma (Netherlands) B.V. as part of internal restructuring.

Further, as a result of the sale, provision amounting to ₹2,502.9 Million made on account of provision in respect of losses of a subsidiary have been reversed in the financial statements.

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Advance income tax *		
Net of provisions ₹14,765.9 Mllion (March 31, 2019 : ₹10,896.0 Million)	20,780.2	21,101.2
	20,780.2	**21,101.2**

* Includes amount paid under protest

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

NOTE : 11 OTHER ASSETS (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Capital advances	2,146.2	2,469.9
Prepaid expenses	9.5	5.0
Balances with government authorities *	1,582.4	1,023.2
	3,738.1	**3,498.1**

* Includes amount paid under protest

NOTE : 12 INVENTORIES

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Lower of cost and net realisable value		
Raw materials and packing materials	11,407.4	11,538.5
Goods in transit	124.9	40.8
	11,532.3	**11,579.3**
Work-in-progress	8,700.1	8,659.2
Finished goods	4,797.2	5,035.6
Stock-in-trade	1,024.2	2,212.7
Stores and spares	282.9	439.4
	26,336.7	**27,926.2**

(i) Inventory write downs are accounted, considering the nature of inventory, estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products as well as provisioning policy of the Company. Write downs of inventories amounted to ₹9,860.2 Million (March 31, 2019: ₹9,154.5 Million). The changes in write downs are recognised as an expense in the statement of profit and loss.

(ii) The cost of inventories recognised as an expense is disclosed in Notes 32, 33 and 36 and as purchases of stock-in-trade in the statement of profit and loss.

NOTE : 13 INVESTMENTS (CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Investments in government securities				
Quoted (Fair value through other comprehensive income)				
8.01% Government of Rajasthan UDAY 2020				
Bond of ₹1 each fully paid maturing June 23, 2020	27,400,000	27.0	-	-
7.86% Government of Rajasthan UDAY 2019				
Bond of ₹1 each fully paid maturing June 23, 2019	-	-	27,400,000	26.9
		27.0		**26.9**
Investments in mutual funds				
Unquoted (Fair value through profit and loss) *				
ICICI Prudential Mutual Fund - ICICI Prudential Liquid - Direct Plan - Growth	-	-	3,621,515	1,001.0
Kotak Mahindra Mutual Fund - Kotak Liquid Scheme Plan A - Direct Plan - Growth	-	-	119,010	450.4
Yes Asset Mangement (India) Limited - Yes Liquid Fund Direct Growth	-	-	986,315	1,001.2

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

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
HSBC Global Asset Management-HSBC Cash Fund-Growth-Direct Plan	407,322	805.5	-	-
Baroda Mutual Fund-Baroda Liquid fund-Plan B Growth	179,523	411.0	-	-
BNP Paribas Mutual fund - BNP Paribas Liquid Fund - Direct Plan - Growth	295,287	902.9	-	-
PGIM India Mutual Fund-PGIM India Insta Cash Fund-Direct Plan-Growth	3,100,626	801.0	-	-
MIRAE Asset Mutual Fund-Mirae Asset Cash Management Fund-Direct Plan-growth	478,993	1,003.3	-	-
		3,923.7		**2,452.6**
		3,950.7		**2,479.5**

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

NOTE : 14 TRADE RECEIVABLES

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	61,681.3	50,314.7
Credit impaired	1,300.1	1,361.6
	62,981.4	**51,676.3**
Less : Allowance for doutful debts (expected credit loss allowance)	(1,300.1)	(1,361.6)
	61,681.3	**50,314.7**

NOTE : 15 CASH AND CASH EQUIVALENTS

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	2,197.0	3,023.3
Cash on hand	8.0	4.3
	2,205.0	**3,027.6**

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Deposit accounts	-	253.8
Earmarked balances with banks		
Unpaid dividend accounts	76.3	90.7
Escrow account - Buy back [Refer Note 56 (8)]	4,250.0	-
Balances held as margin money or security against guarantees and other commitments (*)	16.5	35.6
	4,342.8	**380.1**

* Having original maturity of more than 12 months.

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

NOTE : 17 LOANS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Loans to employees/others *		
Secured, considered good	0.8	0.8
Unsecured, considered good	81.1	166.8
Credit impaired	4.5	4.5
Less : Allowance for doubtful loans (expected credit loss allowance)	(4.5)	(4.5)
	81.9	**167.6**
Loans to related parties (Refer Note 51 and 52) *		
Unsecured, considered good	4,404.0	2,779.7
	4,485.9	**2,947.3**

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

NOTE : 18 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Interest accrued, considered good	2.1	16.0
Insurance claim receivables	1.2	0.1
Security deposits (unsecured, considered good)	48.3	34.2
Other receivables	1,700.3	186.3
Less : Allowance for doubtful*	(500.0)	-
	1,200.3	**186.3**
Other receivables - from related parties (Refer Note 51)	2,664.9	7,552.7
Refund due from government authorities	3,315.4	2,692.1
Derivatives not designated as hedges	82.7	133.5
Derivatives designated as hedges	269.3	535.2
	7,584.2	**11,150.1**

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

NOTE : 19 OTHER ASSETS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Export incentives receivable	3,440.5	3,347.8
Prepaid expenses	411.9	437.4
Advances for supply of goods and services		
Considered good	1,195.9	1,897.3
Considered doubtful	340.8	355.5
Less : Allowance for doubtful	(340.8)	(355.5)
	1,195.9	**1,897.3**
Balances with government authorities *	3,675.5	7,655.2
Other assets #	100.8	134.5
	8,824.6	**13,472.2**

* Includes balances of goods and service tax

As at March 31, 2020 includes government grant from Biotechnology Industry Research Assistance Council (BIRAC).

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

NOTE : 20 SHARE CAPITAL

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Authorised				
Equity shares of ₹1 each	5,990,000,000	5,990.0	5,990,000,000	5,990.0
Cumulative preference shares of ₹100 each	100,000	10.0	100,000	10.0
	5,990,100,000	**6,000.0**	**5,990,100,000**	**6,000.0**
Issued, subscribed and fully paid up				
Equity Shares of ₹1 each	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**

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

	As at March 31, 2020		As at March 31, 2019	
	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	959,772,578	40.0
Dilip Shantilal Shanghvi	230,285,690	9.6	230,285,690	9.6
Life Insurance Corporation Of India and its various funds	152,884,946	6.4	141,217,558	5.9

(i) 334,956,764 (upto March 31, 2019: 334,956,764) equity shares of ₹1 each have been allotted, pursuant to scheme of amalgamation, without payment being received in cash during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

(ii) 7,500,000 (upto March 31, 2019: 7,500,000), equity shares of ₹1 each have been bought back during the period of five years immediately preceding the date at which the Balance Sheet is prepared. The shares bought back were cancelled.

(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.

(iv) Refer Note 49 for number of employee stock options against which equity shares are to be issued by the Company/ ESOP Trust upon vesting and exercise of those stock options.

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

NOTE : 21 OTHER EQUITY

₹ in Million

	As at March 31, 2020	As at March 31, 2019
A) Surplus		
Capital reserve	53,575.2	53,575.2
Securities premium	11,874.1	11,932.9
Amalgamation reserve	43.8	43.8
Capital redemption reserve	7.5	7.5
General reserve	34,779.3	34,779.3
Retained earnings	140,052.7	123,846.1
	240,332.6	**224,184.8**
B) Items of other comprehensive income (OCI)		
Equity instrument through OCI	1.0	26.1
Debt instrument through OCI	(0.3)	(8.2)
Foreign currency translation reserve	1,485.9	1,485.9
Effective portion of cash flow hedges	(256.3)	348.2
	1,230.3	**1,852.0**
	241,562.9	**226,036.8**

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

Nature and purpose of each reserve

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

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

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

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

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

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Foreign currency translation reserve - Exchange differences relating to the translation of the results and the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to statement of profit or loss account on the disposal of the foreign operation. [Refer Note 56 (9)]

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, 2020	As at March 31, 2019
Term loan from department of biotechnology (Refer Note 50)		
Secured	61.8	97.3
Term loans from banks (Refer Note 50)		
Unsecured	10,463.9	14,127.7
Lease liabilities (Refer Note 48)	2,041.2	-
	12,566.9	**14,225.0**

NOTE : 23 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Interest accrued	-	10.2
Derivatives not designated as hedge	161.7	-
	161.7	**10.2**

NOTE : 24 OTHER LIABILITIES (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Deferred revenue (Refer Note 55)	1,455.5	181.0
	1,455.5	**181.0**

NOTE : 25 PROVISIONS (NON-CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Employee benefits	1,769.4	1,570.7
Others (Refer Note 53)	12,150.2	-
	13,919.6	**1,570.7**

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

NOTE : 26 BORROWINGS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Loans repayable on demand		
From Banks		
Unsecured	22,779.9	30,392.7
Loans from related party (Refer Note 51)		
Loans repayable on demand (Unsecured)	12,191.8	-
Other loans		
Commercial paper (Unsecured)	9,911.0	13,887.8
Lease liabilities (Refer Note 48)	170.6	-
	45,053.3	**44,280.5**

NOTE : 27 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt (Refer Note 50)	6,438.6	5,860.9
Interest accrued	46.6	84.2
Unpaid dividends	77.2	93.9
Security deposits	84.4	97.4
Payables on purchase of property, plant and equipment	357.6	592.8
Product settlement, claims, recall charges and trade commitments	18,537.9	30,126.9
Derivatives not designated as hedge	13.0	22.6
Derivatives designated as hedge	663.3	-
	26,218.6	**36,878.7**

NOTE : 28 OTHER LIABILITIES (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Statutory remittances	2,003.7	1,724.0
Advance from customers	4,361.0	2,790.4
Deferred revenue (Refer Note 55)	68.4	42.7
Others *	4.1	15.5
	6,437.2	**4,572.6**

* As at March 31, 2019 includes government grant received from Biotechnology Industry Research Assistance Council (BIRAC).

NOTE : 29 PROVISIONS (CURRENT)

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Employee benefits	793.8	475.6
Provision in respect of losses of a subsidiary	-	2,399.9
Others (Refer Note 53)	10,185.6	22,561.8
	10,979.4	**25,437.3**

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

NOTE : 30 REVENUE FROM OPERATIONS

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers [Refer Note 55 and 56 (10)]	119,067.4	97,832.9
Other operating revenues	6,251.9	5,199.2
	125,319.3	**103,032.1**

NOTE : 31 OTHER INCOME

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on :		
Bank deposits at amortised cost	11.7	32.1
Loans at amortised cost	301.2	123.6
Investments in debt instruments at fair value through other comprehensive income	22.2	46.9
Other financial assets carried at amortised cost	205.3	527.1
Others (includes interest on income tax refund)	160.2	563.9
	700.6	**1,293.6**
Dividend income on investments		
Subsidiary	9,258.3	8,909.3
Others (March 31, 2019: ₹30,000)	-	0.0
	9,258.3	**8,909.3**
Net gain arising on financial assets measured at fair value through profit or loss	7.2	2.0
Net gain on sale of financial assets measured at fair value through profit or loss	121.4	113.0
Net gain/(loss) on sale of financial assets measured at fair value through other comprehensive income	0.4	(0.1)
Gain on sale of investment in subsidiary	2,244.3	1,862.4
Sundry balances written back, net	17.3	35.6
Reversal of provision in respect of losses of a subsidiary	2,502.9	-
Insurance claims	145.1	66.6
Lease rental and hire charges	41.9	47.1
Miscellaneous income	69.8	384.9
	15,109.2	**12,714.4**

NOTE : 32 COST OF MATERIALS CONSUMED

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Raw materials and packing materials		
Inventories at the beginning of the year	11,579.3	7,712.2
Purchases during the year	31,970.1	31,144.2
Inventories at the end of the year	(11,532.3)	(11,579.3)
	32,017.1	**27,277.1**

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

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

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year	15,907.5	13,394.5
Inventories at the end of the year	(14,521.5)	(15,907.5)
	1,386.0	**(2,513.0)**

NOTE : 34 EMPLOYEE BENEFITS EXPENSE

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	15,660.5	14,379.5
Contribution to provident and other funds *	1,019.5	973.5
Staff welfare expenses	347.7	360.4
	17,027.7	**15,713.4**

* Includes gratuity expense of ₹244.3 Million (March 31, 2019 : ₹250.9 Million)

NOTE : 35 FINANCE COSTS

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense for financial liabilities carried at amortised cost	2,087.6	3,335.2
Interest expense others (includes interest on income tax and lease liability)	294.8	-
Exchange differences regarded as an adjustment to borrowing costs	1,697.7	2,027.3
Unwinding of discounts on provisions	-	46.7
	4,080.1	**5,409.2**

NOTE : 36 OTHER EXPENSES

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of materials, stores and spare parts	3,746.8	4,362.8
Conversion and other manufacturing charges	2,555.8	2,467.8
Power and fuel	3,947.4	4,072.8
Rent	58.5	211.5
Rates and taxes	2,177.9	1,165.9
Insurance	715.2	538.2
Selling, promotion and distribution	5,557.7	3,746.5
Commission on sales	351.3	231.8
Repairs and maintenance	2,297.9	2,154.5
Printing and stationery	182.0	176.6
Travelling and conveyance	1,645.5	1,615.2
Freight outward and handling charges	2,505.3	2,481.3
Communication	309.2	277.7
Provision/write off/(reversal) for doubtful trade receivables/advances	535.4	(147.0)
Professional, legal and consultancy	5,650.3	4,546.2
Donations	33.6	28.3
Loss on sale/write off of property, plant and equipment and intangible assets, net	51.0	341.0

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Payments to auditor (net of input credit, wherever applicable)		
For audit	26.1	24.6
For other services	10.1	14.5
Reimbursement of expenses	3.4	1.7
Provision in respect of losses of a subsidiary	-	366.9
Miscellaneous expenses	2,780.4	2,214.3
	35,140.8	**30,893.1**

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

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	3,145.2	3,099.4
Contribution to provident and other funds	155.8	109.1
Staff welfare expenses	23.2	19.4
Consumption of materials, stores and spare parts	2,181.4	2,764.6
Power and fuel	316.4	286.4
Rent	2.0	55.0
Rates and taxes	1,035.7	772.9
Insurance	44.5	52.4
Repairs and maintenance	359.6	360.1
Printing and stationery	12.3	12.7
Travelling and conveyance	89.2	100.9
Communication	36.8	43.8
Professional, legal and consultancy	2,741.0	1,523.7
Miscellaneous expenses	152.2	342.1
	10,295.3	**9,542.5**
Less :		
Receipts from research activities	384.7	490.9
Miscellaneous income	13.1	21.7
	9,897.5	**9,029.9**

NOTE : 38 TAX RECONCILIATION

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Reconciliation of tax expense		
Profit before tax	32,530.0	7,194.5
Income tax rate (%) applicable to the Company #	34.944%	34.944%
Income tax calculated at income tax rate	11,367.3	2,514.0
Effect of income that is exempt from tax	(2,323.7)	(1,664.9)
Effect of expenses that are not deductible in determining taxable profit	126.6	751.8
Effect of incremental deduction allowed on account of research and development costs and other allowances	(1,907.2)	(1,783.7)
Withholding tax in respect of income earned outside India	(15.5)	15.5
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(5,612.2)	271.8
Others	(1,216.7)	(1,076.0)
Income tax expense recognised in statement of profit and loss	**418.6**	**(971.5)**

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (March 31, 2019 : 34.944%) at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

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

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

₹ in Million

		As at March 31, 2020	As at March 31, 2019
i	**Contingent liabilities**		
a	Claims against the Company not acknowledged as debts	595.3	608.9
b	Liabilities disputed - appeals filed with respect to :		
	Income tax on account of disallowances/additions (Company appeals)*	26,569.2	29,819.5
	Sales tax on account of rebate/classification	115.3	118.9
	Excise duty/service tax on account of valuation/cenvat credit	177.3	1,019.0
	ESIC contribution on account of applicability	130.5	130.5
c	Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Company	3,488.2	3,488.2
d	Fine imposed for anti-competitive settlement agreement by European Commission	856.1	799.5
e	Octroi demand on account of rate difference	171.0	171.0
f	Other matters - state electricity board, Punjab Land Preservation Act related matters etc.	89.8	89.3
	Note : includes, interest till the date of demand, wherever applicable		
g	The Company has made provision on prospective basis to give impact of Provident fund judgement by Hon'ble Supreme Court of India (SC) dated February 28, 2019. The Company will update its provision, on receiving further clarity.		
h	**Legal proceedings:** The Company and/or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to conduct of its business. Some of the key matters are discussed below. Most of the legal proceedings involve complex issues, which are specific to the case and don't have precedents and hence for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings and the overall length and the discovery process; the entitlement of the parties to an action to appeal a decision; the extent of the claims, including the size of any potential class, particularly when damages are not specified or are indeterminate; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation and any other factors that may have a material effect on the litigation. The Company makes its assessment of likely outcome, based on the views of internal legal counsel and in consultation with external legal counsel representing the Company. The Company also believes that disclosure of the amount sought by plaintiffs, would not be meaningful because historical evidence indicates that the amounts settled (if any) are significantly different than those claimed by plaintiffs. Some of the legal claims against the Company, if decided against the Company may result into significant impact on its results of operations of a given period during which the claim is settled. **Antitrust – Modafinil:** The Company and its subsidiaries was a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer, in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings, subsequently the Company has reached settlements in these coordinated proceedings. **Antitrust – Lipitor:** The Company and its subsidiaries is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2008 patent settlement agreement with Pfizer concerning Atorvastatin. The cases have been transferred to the United States District Court for the District of New Jersey for coordinated proceedings. The cases are proceeding in discovery.		

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

₹ in Million

		As at March 31, 2020	As at March 31, 2019
	Antitrust – In re Ranbaxy Generic Drug Application Antitrust Litigation: The Company and its subsidiaries is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws and the Racketeer Influenced and Corrupt Organizations Act, with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases have been transferred to the United States District Court for the District of Massachusetts for coordinated proceedings. The cases are proceeding in discovery.		
	Note:		
	Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.		
	*Income tax matters where department has preferred an appeal against favourable order received by the Company amounted to ₹20,242.6 Million (March 31, 2019: ₹10,851.2 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] *	4,239.0	4,767.5
b	Uncalled liability on partly paid investments	0.5	0.5
c	For derivatives related commitments refer Note 44		
d	Lease related commitments refer Note 48		
e	Letters of credit for imports	536.7	859.3
f	Buy-back related commitment refer Note 56 (8)		
	* 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**	1,667.3	2,774.9

NOTE : 40 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue, net (excluding depreciation) (Refer Note 37)	9,897.5	9,029.9
Capital	305.4	590.9
Total	**10,202.9**	**9,620.8**

NOTE : 41 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2020		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments/bonds - quoted	-	108.6	-
Equity instruments/mutual fund - unquoted	3,927.5	-	-
Government securities - unquoted (₹10,000)	-	-	0.0
Loans to related parties	-	-	4,404.0
Loans to employees/others	-	-	89.3
Deposits	-	-	0.9
Security deposits	-	-	462.6

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

₹ in Million

	As at March 31, 2020		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Unbilled revenue	-	-	434.1
Trade receivables	-	-	61,681.3
Cash and cash equivalents	-	-	2,205.0
Bank balances other than cash and cash equivalents	-	-	4,342.8
Interest accrued	-	-	2.1
Insurance claim receivables	-	-	1.2
Refund due from government authorities	-	-	3,315.4
Other receivables	-	-	3,865.2
Derivatives designated as hedges	-	269.3	-
Derivatives not designated as hedges	82.7	-	-
	4,010.2	**377.9**	**80,803.9**
Financial liabilities			
Borrowings	-	-	64,058.8
Interest accrued	-	-	46.6
Trade payables	-	-	23,348.9
Unpaid dividends	-	-	77.2
Security deposits	-	-	84.4
Payables on purchase of property, plant and equipment	-	-	357.6
Product settlement, claims, recall charges and trade commitments	-	-	18,537.9
Derivatives designated as hedges	-	663.3	-
Derivatives not designated as hedges	174.7	-	-
	174.7	**663.3**	**106,511.4**

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments/bonds - quoted	-	677.1	-
Equity instruments/mutual fund - unquoted	2,456.3	-	-
Government securities - unquoted (₹10,000)	-	-	0.0
Loans to related parties	-	-	2,779.7
Loans to employees/others	-	-	177.6
Deposits	-	-	1.4
Security deposits	-	-	458.2
Trade receivables	-	-	50,314.7
Cash and cash equivalents	-	-	3,027.6
Bank balances other than cash and cash equivalents	-	-	380.1
Interest accrued	-	-	16.0
Insurance claim receivables	-	-	0.1
Refund due from government authorities	-	-	2,692.1
Other receivables	-	-	7,739.0
Derivatives designated as hedges	-	535.2	-
Derivatives not designated as hedges	254.2	-	-
	2,710.5	**1,212.3**	**67,586.5**

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

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities			
Borrowings	-	-	64,366.4
Interest accrued	-	-	94.4
Trade payables	-	-	21,549.2
Unpaid dividends	-	-	93.9
Security deposits	-	-	97.4
Payables on purchase of property, plant and equipment	-	-	592.8
Product settlement, claims, recall charges and trade commitments	-	-	30,126.9
Derivatives not designated as hedges	22.6	-	-
	22.6	**-**	**116,921.0**

NOTE : 42 FAIR VALUE HIERARCHY

₹ in Million

	As at March 31, 2020		
	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 #	81.6	-	-
Investments in equity - unquoted	-	-	3.8
Investments in government securities	27.0	-	-
Mutual funds	3,923.7	-	-
Derivatives not designated as hedges	-	82.7	-
Derivatives designated as hedges	-	269.3	-
	4,032.3	**352.0**	**3.8**
Financial liabilities			
Derivatives not designated as hedges	-	174.7	-
Derivatives designated as hedges	-	663.3	-
	-	**838.0**	**-**

₹ in Million

	As at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	120.2	-	-
Investments in equity - unquoted	-	-	3.7
Investments in government securities	556.9	-	-
Mutual funds	2,452.6	-	-
Derivatives not designated as hedges	-	254.2	-
Derivatives designated as hedges	-	535.2	-
	3,129.7	**789.4**	**3.7**
Financial liabilities			
Derivatives not designated as hedges	-	22.6	-
	-	**22.6**	**-**

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

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

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

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

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

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

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

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

Reconciliation of Level 3 fair value measurements

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Unlisted shares valued at fair value		
Balance at the beginning of the year	3.7	407.6
Purchases	0.1	1.1
Disposal/settlements	-	(405.0)
Balance at the end of the year	**3.8**	**3.7**

NOTE : 43 CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and

- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) Debt equity ratio

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Debt (includes non-current, current borrowings and current maturities of long-term debt)	64,058.8	64,366.4
Less : cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments	6,155.7	5,760.9
Net debt	**57,903.1**	**58,605.5**
Total equity, including reserves	243,962.2	228,436.1
Net debt to total equity ratio	23.7%	25.7%

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

(ii) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend on equity shares		
Final dividend for the year ended March 31, 2019 of ₹2.75 (year ended March 31, 2018 : ₹2.0) per fully paid share	6,595.7	4,791.6
Dividend distribution tax on above	1,355.8	5.6
Interim dividend for the year ended March 31, 2020 of ₹3 (year ended March 31, 2019 : ₹Nil) per fully paid share	7,193.9	-
Dividend distribution tax on above	573.1	-
Dividends not recognised at the end of the reporting period		
The Board of Directors at it's meeting held on May 27, 2020 have recommended payment of final dividend of ₹1 per share of face value of ₹1 each for the year ended March 31, 2020. The same amounts to ₹2,399.3 Million.		
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

NOTE : 44 FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Investments

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

Trade receivables

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	34,744.0	33,432.2
180 - 365 days	2,036.0	7,826.8
beyond 365 days	26,201.4	10,417.3
Total	**62,981.4**	**51,676.3**

Notes to the Standalone Financial States

for the year ended March 31, 2020

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	1,361.6	1,575.5
Addition	24.4	181.1
Recoveries	(85.9)	(395.0)
Balance at the end of the year	**1,300.1**	**1,361.6**

Other than trade receivables, the Company has recognised an allowance of ₹4.5 Million (March 31, 2019 : ₹4.5 Million) against past due loans including interest and ₹500.0 Million of other receivables based on assessment regarding recoverability of the same.

Liquidity risk

Liquidity risk is the risk that the 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 ₹48,498.0 Million as on March 31, 2020, ₹32,313.0 Million as on March 31, 2019.

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, 2020
Non derivative				
Borrowings	51,600.2	9,529.4	3,061.9	64,191.5
Trade payables	23,348.9	-	-	23,348.9
Other financial liabilities	19,103.7	-	-	19,103.7
	94,052.8	**9,529.4**	**3,061.9**	**106,644.1**
Derivative	676.3	161.7	-	838.0
	676.3	**161.7**	**-**	**838.0**

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2019
Non derivative				
Borrowings	50,276.2	12,479.3	1,781.4	64,536.9
Trade payables	21,549.2	-	-	21,549.2
Other financial liabilities	30,995.2	10.2	-	31,005.4
	102,820.6	**12,489.5**	**1,781.4**	**117,091.5**
Derivative	22.6	-	-	22.6
	22.6	**-**	**-**	**22.6**

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.

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

Foreign exchange risk

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

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

₹ in Million

	As at March 31, 2020					
	US Dollar	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	43,679.3	4,284.5	3,438.1	1,287.4	1,843.6	54,532.9
Cash and cash equivalents	1,103.7	562.3	47.7	-	10.7	1,724.4
Other receivables - from related parties	2,664.9	-	-	-	-	2,664.9
	47,447.9	**4,846.8**	**3,485.8**	**1,287.4**	**1,854.3**	**58,922.2**
Financial liabilities						
Borrowings	35,980.1	-	-	-	3,699.8	39,679.9
Trade payables	9,527.4	750.0	1.3	140.0	696.9	11,115.6
Product settlement, claims, recall charges and trade commitments	18,537.9	-	-	-	-	18,537.9
	64,045.4	**750.0**	**1.3**	**140.0**	**4,396.7**	**69,333.4**

₹ in Million

	As at March 31, 2019					
	US Dollar	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	36,364.2	2,602.5	1,979.6	4,014.1	1,896.4	46,856.8
Cash and cash equivalents	2,078.4	712.1	28.2	-	11.7	2,830.4
Other receivables - from related parties	7,552.7	-	-	-	-	7,552.7
	45,995.3	**3,314.6**	**2,007.8**	**4,014.1**	**1,908.1**	**57,239.9**
Financial liabilities						
Borrowings	50,428.8	-	-	-	-	50,428.8
Trade payables	6,683.0	1,094.7	2.3	158.7	585.5	8,524.2
Product settlement, claims, recall charges and trade commitments	30,126.9	-	-	-	-	30,126.9
	87,238.7	**1,094.7**	**2.3**	**158.7**	**585.5**	**89,079.9**

b) **Sensitivity**

For the years ended March 31, 2020 and March 31, 2019, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would increase the Company's profit and increase the Company's equity by approximately ₹520.6 Million and ₹1,592.0 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, 2020

c) **Derivative contracts**

The Company is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily in US Dollars, Euros, South African Rand and Russian Rouble, and foreign currency debt is in US Dollars and Japanese Yen. 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 loss of ₹929.2 Million for the year ended March 31, 2020 and gain of ₹535.2 Million for the year ended March 31, 2019 in other comprehensive income. The Company also recorded hedges as a component of revenue, gain of ₹462.4 Million for the year ended March 31, 2020 and loss of ₹117.4 Million for the year ended March 31, 2019 on occurrence of forecasted sale transaction.

Changes in the fair value of forward contracts and option contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the 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, 2020	As at March 31, 2019
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	INR	ZAR 450.0	ZAR 480.0
Forward contracts	USD	Sell	INR	$ 227.5	$ 120.5
Derivatives not designated as hedges					
Forward contracts	USD	Buy	INR	-	$ 27.3
Forward contracts	AUD	Sell	USD	$ 6.8	$ 7.4
Forward contracts	RUB	Sell	USD	-	$ 4.5
Forward contracts	GBP	Sell	USD	$ 6.6	$ 4.9
Forward contracts	EUR	Sell	USD	$ 7.2	$ 9.8
Currency cum interest rate swaps	USD	Buy	INR	-	$ 50.0
Interest rate swaps (floating to fixed)	USD	Buy	INR	-	$ 50.0
Currency swaps	JPY	Buy	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.

For the years ended March 31, 2020 and March 31, 2019, every 50 basis point decrease in the floating interest rate component applicable on its closing balance of loans and borrowings would increase the Company’s profit by approximately ₹198.4 Million and ₹217.6 Million respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

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

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

NOTE : 45 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year	461.8	659.8

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.

NOTE : 46 EARNINGS PER SHARE

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (₹ in Million) - used as numerator for calculating earnings per share	32,111.4	8,166.0
Weighted average number of shares used in computing basic earnings per share (A)	2,399,334,970	2,399,326,681
Add : Dilution effect of employee stock option (B)	-	3,575
Weighted average number of shares used in computing diluted earnings per share (A + B)	2,399,334,970	2,399,330,257
Nominal value per share (in ₹)	1	1
Basic earnings per share (in ₹)	13.4	3.4
Diluted earnings per share (in ₹)	13.4	3.4

NOTE : 47 EMPLOYEE BENEFIT PLANS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Scheme (ESIC) and other Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other Statutory Funds are made only by the Company. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹762.2 Million (March 31, 2019 : ₹702.9 Million).

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Provident Fund and Family Pension Fund	649.7	600.1
Contribution to Superannuation Fund	63.2	64.9
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	48.2	37.1
Contribution to Labour Welfare Fund	1.1	0.8

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

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 employement. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund and decides its contribution. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

b) Pension fund

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

Risks

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

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

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

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

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

Other long term benefit plan

Actuarial Valuation for compensated absences is done as at the year end and the provision is made as per Company policy with corresponding (gain)/charge to the statement of profit and loss amounting to ₹368.5 Million [March 31, 2019 : ₹275.6 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	Year ended March 31, 2020		Year ended March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Expense recognised in the statement of profit and loss (Refer Note 34)				
Current service cost	-	253.9	-	245.2
Interest cost	67.5	182.3	67.7	196.8
Expected return on plan assets	-	(191.9)	-	(191.1)
Expense charged to the statement of profit and loss	67.5	244.3	67.7	250.9
Remeasurement of defined benefit obligation recognised in other comprehensive income				
Actuarial loss/(gain) on defined benefit obligation	80.8	199.2	64.9	(254.6)
Actuarial gain on plan assets	-	6.4	-	24.7
Expense/(income) charged to other comprehensive income	80.8	205.6	64.9	(229.9)
Reconciliation of defined benefit obligations				
Obligation as at the beginning of the year	949.3	2,562.4	903.7	2,625.8
Current service cost	-	253.9	-	245.2
Interest cost	67.5	182.3	67.7	196.8
Benefits paid	(87.9)	(248.2)	(87.0)	(250.8)
Actuarial (gains)/losses on obligations				
- due to change in demographic assumptions	-	64.6	-	(15.4)
- due to change in financial assumptions	58.2	17.3	35.7	(160.0)
- due to experience	22.6	117.3	29.2	(79.2)
Obligation as at the year end	1,009.7	2,949.6	949.3	2,562.4

₹ in Million

	As at March 31, 2020	As at March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	2,949.6	2,562.4
Fair value of plan assets	(2,653.2)	(2,696.7)
Net (asset)/liability recognised in the financial statement	296.4	(134.3)

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of plan assets		
Plan assets as at the beginning of the year	2,696.7	2,550.4
Expected return	191.9	191.1
Actuarial gain	(6.4)	(24.7)
Employer's contribution during the year	19.2	230.7
Benefits paid	(248.2)	(250.8)
Plan assets as at the year end	2,653.2	2,696.7

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

	As at March 31, 2020		As at March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Assumptions :				
Discount rate	6.50%	6.50%	7.10%	7.10%
Expected return on plan assets	N.A.	6.50%	N.A.	7.10%
Expected rate of salary increase	N.A.	9.38% - 10.00%	N.A.	10.00%
Interest rate guarantee	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 (2006-08)	Indian Assured Lives Mortality (2006-08)
Employee turnover	N.A.	12.40% - 13.45%	N.A.	15.80%
Retirement Age (years)	N.A.	60	N.A.	60

₹ in Million

	As at March 31, 2020		As at March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity analysis:				
The sensitivity analysis have been determined based on method that extrapolates the impact on defined benefit obligation as a reasonable change in key assumptions occuring at the end of the reporting period				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	(84.7)	(162.0)	(76.3)	(122.0)
Delta effect of -1% change in discount rate	95.6	180.9	85.5	134.4
Delta effect of +1% change in salary escalation rate	-	174.6	-	130.0
Delta effect of -1% change in salary escalation rate	-	(159.7)	-	(120.5)
Delta effect of +1% change in rate of employee turnover	-	(26.5)	-	(17.9)
Delta effect of -1% change in rate of employee turnover	-	29.1	-	19.4
Maturity analysis of projected benefit obligation for next				
1st year	88.8	541.5	88.4	566.0
2nd year	88.0	383.0	87.5	353.5
3rd year	87.1	348.4	86.7	355.0
4th year	86.1	354.6	85.8	314.1
5th year	85.5	337.2	84.8	303.6
Thereafter	2,122.9	2,674.2	2,143.7	2,023.9
The major categories of plan assets are as under				
Central government securities	-	9.7	-	9.9
Bonds and securities	-	66.2	-	67.3
Insurer managed funds (Funded with LIC, break-up not available)	-	1,642.2	-	1,669.1
Surplus fund lying uninvested	-	935.1	-	950.4
The contribution expected to be made by the Company for gratuity, during financial year ending March 31, 2021 is ₹556.2 Million (Previous year : ₹81.1 Million)				

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

NOTE : 48 LEASES

a) Effective April 01, 2019, the Company has adopted Ind AS 116 “Leases”, and applied to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the Company has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Management has excercised judgement in determining whether extension and termination options are reasonably certain to be excercised. Expenses relating to short-term leases and low-value assets for year ended March 31, 2020 is ₹25.9 Million.

₹ in Million

	As at March 31, 2020
The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:	
Not later than one year	354.1
Later than one year and not later than five years	1,039.0
Later than five years	3,698.6
	5,091.7

₹ in Million

	Year ended March 31, 2020
Movement of lease liabilities	
Opening balance	-
Addition on account of transition to Ind AS 116	485.7
Addition	1,866.8
Interest on lease liabilities	157.1
Effect of changes in foreign exchange rates	0.4
Payment towards lease liabilities	(298.2)
Closing balance	2,211.8

b) The Company has given certain premises and plant and machinery under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 5 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 : 49 EMPLOYEE SHARE-BASED PAYMENT PLANS

The Company operates employee stock option scheme namely, SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) for the grant of stock options to the eligible personnel. Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

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

	March 31, 2020			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	158,739	562.5	562.5	0.9
Exercised during the year	-	-	-	-
Lapsed during the year	(158,739)	562.5	562.5	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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

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

	March 31, 2019			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	263,680	270.0-562.5	450.3	1.5
Exercised during the year $	(11,790)	270.0-562.5	324.9	-
Lapsed during the year	(93,151)	270.0-562.5	275.0	-
Outstanding at the end of the year *	158,739	562.5	562.5	0.9
Exercisable at the end of the year *	158,739	562.5	562.5	0.9

* Includes options exercised, pending allotment

$ Weighted average share price on the date of exercise ₹492.6

NOTE : 50 BORROWINGS

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

(I) Unsecured External Commercial Borrowings (ECBs) has 3 loans aggregating of US$175 Million (March 31, 2019 : US$290 Million) equivalent to ₹13,200.3 Million (March 31, 2019 : ₹20,036.1 Million) and 1 loan of JPY 5,317.5 Million (March 31, 2019 : Nil) equivalent to ₹3,699.9 Million (March 31, 2019 : Nil). For the ECB loans outstanding as at March 31, 2020, the terms of repayment for borrowings are as follows:

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

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

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

(d) US$25 Million (March 31, 2019 : US$50 Million) equivalent to ₹1,885.8 Million (March 31, 2019 : ₹3,454.5 Million). The loan was taken on September 20, 2012 and is repayable in 2 equal installments of USD 25 Million each. The first installment of US$25 Million has been repaid in current year and last installment of US$25 Million is due on September 18, 2020.

(e) US$50 Million (March 31, 2019 : US$50 Million) equivalent to ₹3,771.5 Million (March 31, 2019 : ₹3,454.5 Million). The loan was taken on October 03, 2018 and is repayable in 2 equal installments of USD 25 Million each. The first installment of US$25 Million is due on October 1, 2021 and last installment of US$25 Million is due on October 03, 2022.

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

(g) JPY 5317.5 Million (March 31, 2019 : JPY Nil) equivalent to ₹3,699.9 Million (March 31, 2019 : ₹Nil). The loan was taken on August 11, 2015 in USD. The currency of the loan was changed to JPY on August 08, 2019. The loan is due for repayment on February 08, 2022.

(II) Secured term loan from department of biotechnology of ₹108.2 Million (March 31, 2019 : ₹108.2 Million) has been secured by hypothecation of movable assets of the Company. The loan is repayable in 10 equal half yearly installments commencing from December 14, 2020, last installment is due on June 14, 2025.

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

The Company has not defaulted on repayment of loan and interest payment thereon during the year. The aforementioned unsecured ECBs are availed from various banks at floating rate linked to Libor (2.14% as at March 31, 2020) and secured loan from department of biotechnology have been availed at a range from 2% to 3%.

NOTE : 51 RELATED PARTY DISCLOSURES (IND AS 24) AS PER ANNEXURE "A"

NOTE : 52 LOANS/ADVANCES GIVEN TO SUBSIDIARIES AND ASSOCIATES

₹ in Million

	As at March 31, 2020	Maximum balance March 31, 2020	As at March 31, 2019	Maximum balance March 31, 2019
Loans/advances outstanding from subsidiaries				
Sun Pharmaceutical Medicare Limited, India	4,217.2	4,217.2	2,575.0	2,575.0
Zenotech Laboratories Limited, India	186.6	307.0	204.6	258.0
Skisen Labs Private Limited, India	0.2	0.2	0.1	0.1
Softdeal Trading Company Private Limited, India	-	10.1	-	-
Faststone Mercantile Company Private Limited, India	-	-	-	253.4

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

NOTE : 53

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

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
	Product and Sales related *	Product and Sales related *
At the commencement of the year	22,561.8	25,815.3
Add: Provision for the year	1,523.6	1,006.8
Add: Unwinding of discounts on provisions	-	46.7
Add/(less): Foreign currency exchange fluctuation	-	1,417.3
Less: Utilisation/settlement/reversal	(1,749.6)	(5,724.3)
At the end of the year	22,335.8	22,561.8

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

NOTE : 54 USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

a) Litigations [Refer Note 2 (2.2) (m) and Note 39]

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

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, 2020

NOTE : 55 REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018 which does not require restatement of comparative period. The Company elected to apply the standard to all contracts as at April 01, 2018. There is no impact to be recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Further, the Company has recorded an additional amount of ₹1,326.5 Million (March 31, 2019 : ₹233.3 Million) as deferred revenue pursuant to the requirements of Ind AS 115. Revenue of ₹26.3 Million (March 31,2019 : ₹9.6 Million) has been recognised as Revenue from contract with customer in FY20 pursuant to completion of performance obligation in respect of the above contracts.

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

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price, net of returns	132,113.1	118,830.5
Less :		
Provision for sales return	(752.8)	(643.1)
Rebates, discounts and price reduction	(12,292.9)	(20,354.5)
	(13,045.7)	**(20,997.6)**
Revenue from contract with customers	**119,067.4**	**97,832.9**

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Contract balances		
Trade receivables	61,681.3	50,314.7
Contract assets	434.1	-
Contract liabilities	5,884.9	3,014.1

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed.
The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

NOTE : 56

1 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 The Company was a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings. Subsequently, the Company reached settlements in these coordinated proceedings. The Company accounted for an amount of ₹12,383.8 Million in the year ended on March 31, 2019, of which ₹12,143.8 Million was disclosed as an exceptional item. During the year ended March 31, 2020, the Company entered into a settlement agreement with the last remaining Plaintiff of these coordinated proceedings and the settlement amount has been grouped in other expenses.

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

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

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

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

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

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 The Board of Directors at its meeting held on March 17, 2020 has approved the buy-back by the Company of its equity shares from the open market through stock exchange mechanism as prescribed under Buy-back regulations at the maximum price of ₹425.00 per share for an aggregate maximum amount of ₹17,000.0 Million.

9 The Scheme of Arrangement between Sun Pharma Global FZE ("the Transferor"), and the Company ("the Scheme"), inter-alia envisaged merger of unbranded generic pharmaceutical undertaking of the transferor (Specified business) into the Company. The scheme was approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench on October 31, 2018 and became effective on December 01, 2018 upon completion of all the formalities.

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

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

Accordingly all the assets, liabilities, and other reserves of the specified business as on April 01, 2017 were transferred to the Company as per the Scheme. As prescribed by the Scheme no consideration was paid as the transferor is a wholly owned subsidiary of the Company. Accordingly, the resultant difference between the book value of assets and liabilities taken-over as on the appointed date amounting to ₹17,450.8 Million is credited to capital reserve account. Also, any gain or loss on translation of assets and liabilities to functional currency (i.e. ₹) till the date of order has been credited or debited to foreign currency translation reserve.

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

10 The Company vide its press release dated January 22, 2019, had announced the transition of India domestic formulations distribution business from Aditya Medisales Limited (AML), to Sun Pharma Distributors Limited (SPDL), a wholly owned subsidiary of the Company. During the transition phase AML acted as an agent of Company.

11 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹43.7 Million (March 31, 2019 : ₹39.4 Million).

Details of CSR expenditure:

- Gross amount required to be spent by the Company during the year 2019-20 is ₹26.9 Million (March 31, 2019 : Nil)

₹ in Million

	In cash	Yet to be paid in cash	Total
Amount spent during the year ended on March 31, 2020			
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	42.7	1.0	43.7

12 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 financial results as of and for the year ended March 31, 2020.

13 The Board of Directors of the Company at its meeting held on May 25, 2018 and the shareholders & unsecured creditors at its respective meetings held on June 04, 2019 had approved the Composite Scheme of Arrangement between the Company, Sun Pharma (Netherlands) B.V. and Sun Pharmaceutical Holdings USA Inc. (both being wholly owned subsidiaries of the Company) which inter-alia, envisaged spin-off w.e.f. April 01, 2017 of the specified investment undertaking 1 and 2 (as defined in the scheme of Arrangement) of the Company. On December 19, 2019, the Hon'ble National Company Law Tribunal, Ahmedabad Bench, on interpretation ground that an outbound Demerger is not envisaged under Section 234 of Companies Act, 2013, did not allow the Company's petition for the said Composite Scheme of Arrangement. Hence no effect of the said scheme of Arrangement has been given in the accounts.

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

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

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(b) Ratios

Ratios and Formulae	As at March 31, 2020	As at March 31, 2019
(i) Debt equity ratio = (Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings)/(Total equity)	0.25	0.28
(ii) Debt service coverage ratio = Earnings before finance costs, exceptional item and tax/(Finance costs + Principal repayment for borrowings made during the period)	0.32	0.13
(iii) Interest service coverage ratio = Earnings before finance costs, Exceptional item and Tax/Finance costs	9.67	4.58
(iv) Asset cover = Total assets - Intangible assets - Current liabilities excluding Short-term borrowings and current maturities of long-term borrowings)/(Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings).	5.14	4.51

Note - the above borrowings and interest payments do not include payment related to leases.

Alternative Ratios and Formulae	As at March 31, 2020	As at March 31, 2019
(i) Debt service coverage ratio = Earnings before finance costs, depreciation and exceptional item/(Finance costs + Short-term borrowings + Current maturities of long-term borrowings)	0.75	0.56
(ii) Debt service coverage ratio = Earnings before finance costs, exceptional item and tax/(Finance costs + Principal repayment for long term borrowings made during the period)	3.03	3.79

Note - the above borrowings and interest payments do not include payment related to leases.

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

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

(d) Networth and Capital redemption reserve

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Redemption Reserve	7.5	7.5
Net Worth	190,343.2	174,817.1

15 Figures for previous periods have been regrouped/reclassified wherever considered necessary.

As per our report of even date

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

per PAUL ALVARES
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

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

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

Names of related parties and description of relationships

a Subsidiaries

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

Names of related parties and description of relationships		
	Taro Pharmaceuticals U.S.A., Inc.	Realstone Infra Limited (Refer Footnote 1)
	Taro Pharmaceuticals North America, Inc.	
	Taro Pharmaceuticals Europe B.V.	
	Taro Pharmaceuticals Ireland Limited (Refer Footnote 4)	
	Taro International Ltd.	
	Taro Pharmaceuticals (UK) Limited (Refer Footnote 4)	
	3 Skyline LLC	
	One Commerce Drive LLC	
	Taro Pharmaceutical Laboratories Inc	
	Taro Pharmaceuticals Canada, Ltd. (Refer Footnote 8)	
	Alkaloida Sweden AB (Refer Footnote 4)	
	Dusa Pharmaceuticals, Inc.	
Names of related parties where there are transactions and description of relationships		
b	**Joint Ventures**	
	Artes Biotechnology GmbH	
c	**Associate**	
	Medinstill Development LLC	
d	**Key Management Personnel (KMP)**	
	Dilip Shantilal Shanghvi	Managing Director (DIN No. : 00005588)
	Sudhir Vrundavandas Valia	Non-Executive Director (Designation changed from Whole-time Director to Non-Executive Director on May 29, 2019) and Non-Independent Director (DIN No. : 00005561)
	Sailesh Trambaklal Desai	Wholetime Director (DIN No. : 00005443)
	Israel Makov	Chairman and Non- Executive Director (Non- Independent (DIN No. : 05299764))
	Kalyanasundaram Iyer Natesan Subramanian	Wholetime Director (DIN No. : 00179072)
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	
	Ramdev Chemicals Private Limited (upto April 25, 2019)	
	Sidmak Laboratories (India) Private Limited	
	Aditya Medisales Limited	
	United Medisales Private Limited	
	PV Power Technologies Private Limited	
	Asepco Solutions Private Limited	
	Fortune Integrated Assets Finance Ltd	
	Suraksha Asset Reconstruction Private Limited	

Footnote

1 Incorporated/Acquired during the year
2 Incorporated/Acquired during the previous year
3 Dissolved/Liquidated during the year
4 Dissolved/Liquidated during the previous year
5 Pola Pharma Inc. has been merged with Sun Pharma Japan Ltd w.e.f. January 01, 2020:
6 Holds voting power of 84.73% (beneficial ownership 77.10%) [March 31, 2019 84.36% (beneficial ownership 76.54%)]
7 Ranbaxy GmbH has been merged with Basics GmbH w.e.f April 01, 2018
8 Taro Pharmaceuticals Canada, Ltd. has been merged with Taro Pharmaceuticals Inc. w.e.f. April 01, 2018
9 Morley & Company, Inc. has been merged with Taro Development Corporation w.e.f. March 27, 2020
10 Dungan Mutual Associates, LLC has been merged with Mutual Pharmaceutical Company LLC w.e.f. March 16, 2020
11 URL PharmPro, LLC has been merged with Mutual Pharmaceutical Company LLC w.e.f. March 16, 2020

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

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

(II) Detail of related party transaction during the year ended March 31, 2020:

₹ in Million

Type of Transaction	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods	**3,355.8**	**3,053.8**
Subsidiaries	3,344.2	2,902.7
Others	11.6	151.1
Purchase of property, plant and equipment	**46.6**	**129.8**
Subsidiaries	46.1	128.1
Associates	-	1.7
Others	0.5	-
Revenue from contracts with customers, net of returns	**91,454.3**	**72,036.8**
Subsidiaries	91,482.2	41,114.8
Others	(27.9)	30,922.0
Sale of property, plant and equipment	**25.4**	**302.4**
Subsidiaries	20.1	25.0
Others	5.3	277.4
Receiving of service	**2,014.3**	**1,130.9**
Subsidiaries	1,314.0	585.1
Joint ventures	45.5	29.3
Others	654.8	516.5
Reimbursement of expenses paid	**5,435.8**	**13,089.2**
Subsidiaries	5,136.9	13,080.9
Joint ventures	-	3.9
Others	298.9	4.4
Rendering of service	**2,784.2**	**2,944.1**
Subsidiaries(*)	2,723.6	2,839.4
Others	60.6	104.7
Reimbursement of expenses received	**295.7**	**56.7**
Subsidiaries	255.0	6.1
Others	40.7	50.6
Loans given	**1,508.7**	**2,934.3**
Subsidiaries	1,508.7	2,934.3
Loans received back	**128.2**	**303.3**
Subsidiaries	128.2	303.3
Secuirty Deposit received	**0.1**	-
Subsidiaries	0.1	-
Sales of investment	**8,570.9**	**8,580.4**
Subsidiaries	8,570.9	8,580.4
Loan taken	**34,178.4**	**15,340.9**
Subsidiaries	34,178.4	15,340.9

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

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

(II) Detail of related party transaction during the year ended March 31, 2020:

₹ in Million

Type of Transaction	Year ended March 31, 2020	Year ended March 31, 2019
Loan repaid	**22,494.7**	**21,390.6**
Subsidiaries	22,494.7	21,390.6
Interest on loans repaid	**-**	**383.7**
Subsidiaries	-	383.7
Dividend income on preference shares	**-**	**14.5**
Subsidiaries	-	14.5
Dividend income on equity shares	**9,258.3**	**8,894.8**
Subsidiaries	9,258.3	8,894.8
Interest income	**469.3**	**613.7**
Subsidiaries	427.6	110.0
Others	41.7	503.7
Interest expense	**564.5**	**426.4**
Subsidiaries	564.5	426.4
Rent income	**36.3**	**40.5**
Subsidiaries	13.5	17.2
Others	22.8	23.3
Rent expense/Payment towards Lease Liabilities	**177.1**	**2.1**
Subsidiaries	177.1	2.1
Provision/(reversal) in respect of losses of a subsidiary	**(2,502.9)**	**366.9**
Subsidiaries	(2,502.9)	366.9
Provision for doubtful debt	**-**	**27.1**
Subsidiaries	-	27.1
Remuneration	**200.5**	**39.7**
Key management personnel (#)	171.4	14.6
Relatives of Key management personnel	29.1	25.1

(*) Includes income recognised from profit sharing supply arrangements.

(#) Mr. Sudhir Vrundavandas Valia stepped down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He continues to be a Non-Promoter, Non-Executive and Non-Independent Director of the Company. As he stepped down from the position of Whole-time Director of the Company, the Salary includes the following amounts paid at the time of final settlement: leave encashment of ₹15.1 Million and gratuity of ₹38.9 Million which is being reimbursed by LIC as per policy.

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, 2020

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

Balance outstanding as at the end of the year

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Receivables	**57,125.1**	**51,257.7**
Subsidiaries	57,123.6	49,277.3
Others	1.5	1,980.4
Payable	**8,390.8**	**5,411.3**
Subsidiaries	8,266.3	5,322.8
Joint Venture (March 31, 2019 ₹48,558)	0.1	0.0
Key management personnel	0.1	0.3
Relatives of Key management personnel	-	0.9
Others	124.3	87.3
Loan taken	**12,191.8**	-
Subsidiaries	12,191.8	-
Loan given	**4,404.0**	**2,779.7**
Subsidiaries	4,404.0	2,779.7
Security Deposit given	**62.5**	**62.5**
Subsidiaries	62.5	62.5
Security Deposit Received	**0.1**	-
Subsidiaries	0.1	-
Other liabilities	**18,537.9**	**30,126.9**
Subsidiaries	18,537.9	30,126.9
Advance from customers	**4,015.1**	**2,130.0**
Subsidiaries	4,015.1	2,130.0
Advance (includes capital and supply of goods/services)	**211.2**	**511.5**
Subsidiaries	-	300.4
Associates	211.2	211.1
Lease liabilities		
Subsidiaries	1,803.1	-

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 settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has recorded impairment of receivables relating to amounts owed by related parties (wholly owned subsidiaries) amounting to ₹59.9 Million (March 31, 2019: ₹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 ₹19,776.8 Million (March 31, 2019: ₹20,758.2 Million). These right and obligation were acquired by Sun Laboratories FZE from Atlas Global Trading LLC in the previous year.

Independent Auditor's Report

To the Members of Sun Pharmaceutical Industries Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated Ind AS financial statements of Sun Pharmaceutical Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint venture comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including Statement of other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint venture as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

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

The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Litigations (as described in note 39 of the consolidated Ind AS financial statements)	
The Group is involved in various legal proceedings including product liability, contracts, employment claims, Department of Justice (DOJ) investigations, anti-trust and other regulatory matters relating to conduct of its business. The Group assesses the need to make provision or to disclose a contingent liability on a case-to-case basis considering the underlying facts of each litigation. The eventual outcome of the litigations is uncertain and estimation at balance sheet date involves extensive judgement of management including input from legal counsel due to complexity of each litigation. Adverse outcomes could significantly impact the Group's reported profit and balance sheet position. Considering the judgement involved in determining the need to make a provision or disclose as contingent liability, the matter is considered a key audit matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification, evaluation of litigations, the recording / re-assessment of the related liabilities, provisions and disclosures. • Obtained a list of litigations from the Group's in-house legal counsel; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions. • Circulated, obtained and read legal confirmations from Group's external legal counsels in respect of material litigations and considered that in our assessment. • Read the disclosures related to provisions and contingent liabilities in the consolidated Ind AS financial statements to assess consistency with underlying documents.
Rebates, discounts, chargebacks, returns and other allowances (as described in note 53 of the consolidated Ind AS financial statements)	
The Group generates revenue across various geographies through commercial arrangements prevalent in those geographies. These commercial arrangements involve rebates, discounts, chargebacks, right to return and other allowances, which are deducted from the gross revenue to arrive at Revenue from Operations. These deductions involve significant judgement and estimation, in particular the accruals associated with the revenue transactions pertaining to the generics business of United States and is hence is considered as a key audit matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Assessed and tested the design and operating effectiveness of the Group's controls over the completeness, recognition and measurement of accrual. • Obtained and evaluated management's computations for accruals under respective contractual arrangements. • Evaluated the key assumptions used by the Group by comparing it with prior years. • Analysed the historical pattern of chargebacks, the inventory information and performed retrospective reviews in order to validate management's assumption. • Compared the assumptions in respect of rebates, discounts, allowances and returns to current payment trends. • Evaluated adequacy of disclosures as required by Ind AS 115
Goodwill and other intangible assets (as described in note 3b and 47 of the consolidated Ind AS financial statements)	
The Group has significant intangible assets, comprising acquired trademarks, product intangibles and goodwill. The Group conducts an annual impairment testing of goodwill and intangible assets using discounted cash flow method. Significant judgements are used to estimate the recoverable amount of these intangible assets and goodwill. The determination of recoverable amounts involves use of several key assumptions, including estimates of future sales volume, and prices, operating costs, terminal value growth rates and the weighted average cost of capital (discount rate) and is hence is considered as a key audit matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of management's controls in assessing the carrying value of goodwill and intangible assets. • Obtained the Group's computation of recoverable amount and tested the mathematical accuracy and reasonableness of key assumptions, including profit and cash flow forecast, terminal values, potential product obsolescence and the discount rates. • Obtained and evaluated management's sensitivity analysis to ascertain the impact of changes in key assumptions and performed our own independent sensitivity calculations to quantify the downside impact to determination of recoverable amount.

Key audit matter	How our audit addressed the key audit matter
Tax litigations and recognition of deferred tax assets (as described in note 39 and 50 of the consolidated Ind AS financial statements)	
The Group has significant tax litigations for which the Group assesses the outcome on a case-to-case basis considering the underlying facts of each tax litigation. Adverse outcomes could significantly impact the Group's reported profit and balance sheet position. The assessment of outcome of litigations involves significant judgement which is dependent on the facts of each case, supporting judicial precedents and legal opinions of external and internal legal counsels and hence has been considered as a Key Audit Matter. Recognition of deferred tax assets involves the assessment of its recoverability within the allowed time frame involves significant estimate of the financial projections, availability of sufficient taxable income in the future and also involves significant judgements in the interpretation of tax regulations and tax positions adopted by the Group.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations/deferred tax and the recording and re-assessment of the related liabilities/assets and provisions and disclosures. • Obtained complete list of ongoing tax litigations from management along-with their assessment of the cases based on past precedents, judgements and matters in the jurisdiction, legal opinions sought by management, correspondences with tax department etc. • Engaged tax specialists, to evaluate management's assessment of the outcome of these litigations. • Our specialists considered legal precedence and other rulings in evaluating management's position on these tax litigations. • Tested management's assumptions including forecasts and sensitivity analysis in respect of recoverability of deferred taxes on unabsorbed depreciation/carry forward losses. • Evaluated disclosures of the tax positions, tax loss carry forwards and tax litigations in the consolidated Ind AS financial statements.
Identification and disclosure of related parties (as described in note 74 of the consolidated Ind AS financial statements)	
The Group has related party transactions which include, amongst others, sale and purchase of goods/services to its associates, joint ventures and other related parties and lending and borrowing to its associates and joint ventures. We focused on identification and disclosure of related parties in accordance with relevant accounting standards as a key audit matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Obtained a list of related parties from the Group's management and traced the related parties to declarations given by directors, where applicable, and to note 74 of the consolidated Ind AS financial statements. • Read minutes of the meetings of the Board of Directors and Audit Committee. • Tested material creditors/debtors, loan outstanding/loans taken to evaluate existence of any related party relationships; tested transactions based on declarations of related party transactions given to the Board of Directors and Audit Committee. • Evaluated the disclosures in the consolidated Ind AS financial statements for compliance with Ind AS 24.
Functional currency related to Taro Canada (as described in Note 70 of the consolidated Ind AS financial statements)	
As described in Note 70 to the consolidated financial statements, the Group changed Taro Canada's functional currency to the USD effective as of April 1, 2019. The change in the functional currency involved significant management's judgment in evaluating relevant facts and circumstances. We identified the accounting evaluation supporting the change in the functional currency as a key audit matter which involved management judgment in evaluating the primary and other indicators under Ind AS 21 to assess the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions in the light of business changes. This also involved significant auditor attention and judgment due to the nature and materiality of the matter.	Our audit procedures and procedures performed by component auditors amongst others included the following: • Evaluated and tested the operating effectiveness of the controls over accounting evaluation for change in the functional currency. • Evaluated the relevant facts and circumstances related to the determination of the functional currency. • Reviewed position papers and analysis prepared by management and management's specialist. • Assessed the appropriateness of conclusions reached by the Group with respect to the accounting related to the change of the functional currency. • Evaluated the disclosures in the consolidated Ind AS financial statements.

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

(a) We did not audit the financial statements and other financial information, in respect of 26 subsidiaries, whose Ind AS financial statements, without giving the effect to elimination of intra group transactions, include total assets of ₹441,388.9 Million as at March 31, 2020, and total revenues of ₹146,481.0 Million and net cash outflows of ₹4,596.3 Million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by management of the Holding Company and audited by us.

(b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 22 subsidiaries, whose financial statements and other financial information, without giving the effect to the elimination of intra group transactions, reflect total assets of ₹247,169.7 Million as at March 31, 2020, and total revenues of ₹5,959.1 Million and net cash outflows of ₹148.7 Million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by management. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹148.3 Million for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 4 associates and a joint venture, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, joint venture and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint venture and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint venture, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint venture, none of the directors of the Group's companies, its associates and joint venture, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associates incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint venture, as noted in the 'Other Matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint venture in its consolidated Ind AS financial statements – Refer Note 39 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 23 and 28 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint venture and (b) the Group's share of net profit/ loss in respect of its associates;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint venture incorporated in India, except a sum of ₹1.05 Million, which is held in abeyance due to pending legal cases.

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

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

Place of Signature: Pune
Date: May 27, 2020

Annexure 1 to the Independent Auditors Report of Even Date on the Consolidated Ind AS Financial Statements of Sun Pharmaceutical Industries Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of Sun Pharmaceutical Industries Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Sun Pharmaceutical Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

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

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

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

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

OPINION

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial Ind AS statements of the Holding Company, insofar as it relates to 1 subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

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

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

Place of Signature: Pune
Date: May 27, 2020

Consolidated Balance Sheet
as at March 31, 2020

₹ in Million

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

Consolidated Balance Sheet

as at March 31, 2020

₹ in Million

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

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

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

₹ in Million

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
(I) Revenue from operations	30	328,375.0	290,659.1
(II) Other income	31	6,359.8	10,254.9
(III) Total income (I+II)		**334,734.8**	**300,914.0**
(IV) Expenses			
Cost of materials consumed	32	55,152.3	57,827.0
Purchases of stock-in-trade		34,143.7	25,193.8
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	3,008.5	(4,331.1)
Employee benefits expense	34	63,623.5	59,670.9
Finance costs	35	3,027.3	5,552.5
Depreciation and amortisation expense	3 (A & B)	20,527.8	17,532.5
Other expenses	36	102,705.5	88,290.6
Net (gain) / loss on foreign currency transactions		(156.1)	932.0
Total expenses (IV)		**282,032.5**	**250,668.2**
(V) Profit before exceptional items and tax (III-IV)		52,702.3	50,245.8
(VI) Exceptional items	61	2,606.4	12,143.8
(VII) Profit before tax (V-VI)		**50,095.9**	**38,102.0**
(VIII) Tax expense/(credit)			
Current tax		13,201.4	8,039.6
Deferred tax		(4,973.4)	(2,030.8)
Total tax expense (VIII)	49	**8,228.0**	**6,008.8**
(IX) Profit for the year before share of profit/(loss) of associates and joint venture (VII-VIII)		41,867.9	32,093.2
(X) Share of profit/(loss) of associates (net of tax)		(138.3)	(7.1)
(XI) Share of profit/(loss) of joint venture (net of tax)		(10.0)	(7.5)
(XII) Profit for the year before non-controlling interests (IX+X+XI)		**41,719.6**	**32,078.6**
(XIII) Non-controlling interests	71	4,070.3	5,424.4
(XIV) Profit for the year attributable to owners of the Company (XII-XIII)		**37,649.3**	**26,654.2**
(XV) Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(a) Gain/(loss) on re-measurements of the defined benefit plans		(417.7)	231.0
Income tax on above		145.9	(80.7)
		(271.8)	**150.3**
(b) Gain/(loss) on equity instruments through other comprehensive income		(896.4)	8.6
Income tax on above		13.5	18.2
		(882.9)	**26.8**
Total (A)		**(1,154.7)**	**177.1**

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

₹ in Million

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

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

₹ in Million

Particulars	Equity share capital	Other equity												Attributable to owners of Parent Company	Non-controlling interests	TOTAL
		Reserves and surplus								Other comprehensive income (OCI)						
		Capital reserve	Securities premium	Debenture redemption reserve	Amalgamation reserve	Capital redemption reserve	Legal reserve	General reserve	Retained earnings	Debt instrument through OCI	Equity instrument through OCI	Foreign currency translation reserve	Effective portion of cash flow hedges			
Balance as at March 31, 2018	**2,399.3**	**507.5**	**11,929.1**	**1,250.0**	**43.8**	**7.5**	**3.6**	**35,578.0**	**319,777.0**	**(93.9)**	**1,648.6**	**10,120.1**	**(29.5)**	**383,141.1**	**38,841.6**	**421,982.7**
Profit for the year	-	-	-	-	-	-	-	-	26,654.2	-	-	-	-	26,654.2	5,424.4	32,078.6
Exchange difference arising on translation of foreign operations/ net investment in foreign operations, net of tax	-	-	-	-	-	-	-	-	-	-	-	14,816.6	-	14,816.6	1,346.6	16,163.2
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	* 150.2	82.7	(15.7)	-	366.1	583.3	53.4	636.7
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,804.4**	**82.7**	**(15.7)**	**14,816.6**	**366.1**	**42,054.1**	**6,824.4**	**48,878.5**
Payment of dividend	-	-	-	-	-	-	-	-	(4,791.6)	-	-	-	-	(4,791.6)	(8,455.5)	(13,247.1)
Dividend distribution tax	-	-	-	-	-	-	-	-	(984.9)	-	-	-	-	(984.9)	-	(984.9)
On acquisition of subsidiary (Refer note 75)	-	3,174.2	-	-	-	-	-	-	-	-	-	-	-	3,174.2	-	3,174.2
Transfer from debenture redemption reserve	-	-	-	(1,250.0)	-	-	-	-	1,250.0	-	-	-	-	-	-	-
Buy-back / purchase of equity shares by overseas subsidiaries company	-	-	-	-	-	-	-	-	(2,013.1)	-	-	-	-	(2,013.1)	(4,075.1)	(6,088.2)
Adjustment on account of Ind AS 115	-	-	-	-	-	-	-	-	(6,493.0)	-	-	-	-	(6,493.0)	-	(6,493.0)
Transfer from surplus in consolidated statement of profit and loss as per the local law of an overseas subsidiary	-	-	-	-	-	-	203.9	43.0	(246.9)	-	-	-	-	-	-	-
Issue of equity shares	^ 0.0	-	3.8	-	-	-	-	-	-	-	-	-	-	3.8	-	3.8
Balance as at March 31, 2019	**2,399.3**	**3,681.7**	**11,932.9**	**-**	**43.8**	**7.5**	**207.5**	**35,621.0**	**333,301.9**	**(11.2)**	**1,632.9**	**24,936.7**	**336.6**	**414,090.6**	**33,135.4**	**447,226.0**
Profit for the year	-	-	-	-	-	-	-	-	37,649.3	-	-	-	-	37,649.3	4,070.3	41,719.6
Exchange difference arising on translation of foreign operations/ net investment in foreign operations, net of tax	-	-	-	-	-	-	-	-	-	-	-	20,862.3	-	20,862.3	2,928.2	23,790.5
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	*(272.0)	(522.4)	(883.0)	-	(765.8)	(2,443.2)	(139.0)	(2,582.2)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37,377.3**	**(522.4)**	**(883.0)**	**20,862.3**	**(765.8)**	**56,068.4**	**6,859.5**	**62,927.9**

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

₹ in Million

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

* Represents re-measurements of the defined benefit plans
^ (March 31, 2019 : ₹11,790)

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Consolidated Cash Flow Statement

for the year ended March 31, 2020

₹ In Million

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

Consolidated Cash Flow Statement
for the year ended March 31, 2020

₹ In Million

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

@ Includes payment of lease obligation.

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

Notes:

Cash and cash equivalents comprises of

₹ In Million

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

Consolidated Cash Flow Statement

for the year ended March 31, 2020

Change in financial liability/ asset arising from financing activities

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

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

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

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

As per our report of even date

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

per PAUL ALVARES
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

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

NOTE : 1 GENERAL INFORMATION

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

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on May 27, 2020.

NOTE : 2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Group has prepared its consolidated financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2019.

2.2 Basis of preparation and presentation

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements expect for the matter disclosed in Note 54 of the consolidated financial statements.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as disclosed in Note 38. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Investment in Associates and Joint Ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed off the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

b. Current vs. Non-current

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

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

c. Business combinations

The Group uses the acquisition method of accounting to account for business combinations that occurred on or after April 01, 2015. The acquisition date is generally the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as Capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as Capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

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

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

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

d. Foreign currency

Foreign currency transactions

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

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

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

- exchange differences relating to the translation of the results and the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to statement of profit or loss account on the disposal of the foreign operation.

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Foreign operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of Group's foreign operations, are translated to the Indian Rupees at exchange rates at the end of each reporting period. The income and expenses of such foreign operations are translated at the average exchange rates for the period. Resulting foreign currency differences are recognised in other comprehensive income and presented within equity as part of Foreign Currency Translation Reserve (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed off, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in OCI.

e. Segment reporting

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

f. Property, plant and equipment

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

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

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

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

The estimated useful lives are as follows:

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

* Includes assets given under operating lease

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

g. Goodwill and Other Intangible assets

Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Group's share of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a cash-generating unit to which goodwill is allocated, the goodwill associated with the disposed cash-generating unit is included in the carrying amount of the cash-generating unit when determining the gain or loss on disposal.

Other Intangible assets

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

Research and development

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

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

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

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

under development, other intangible assets not available for use and intangible assets having indefinite useful life are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable.

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

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

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

The estimated useful lives for Product related intangibles and Other intangibles ranges from 3 to 20 years.

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

De-recognition of intangible assets

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

h. Impairment of non-financial assets other than goodwill

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

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

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

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

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

i. Non-current assets held for sale

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed off is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale.

Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

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

j. Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

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

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

Equity instruments

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

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

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

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound financial instruments

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

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments

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

that the Group manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

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

Derecognition

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

Embedded derivatives

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

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

- Hedges of a net investment in a foreign operation.

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

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

(i) Fair value hedges

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

(ii) Cash flow hedges

The effective portion of changes in the fair value of the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or

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

loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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

(iii) Net Investment Hedge

The group designates certain foreign currency liability as hedge against certain net investment in foreign subsidiaries. Hedges of net investments in foreign operations are accounted similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and held in foreign currency translation reserve ('FCTR')- a component of equity. The ineffective portion of the gain or loss on these hedges is immediately recognised in the consolidated statement of profit and loss. The amounts accumulated in equity are included in the statement of profit and loss when the foreign operation is disposed or partially disposed.

Treasury shares

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

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

Dividend distribution to equity holders of the Parent

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

k. Leases

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

Company as a lessee

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

i) Right-of-use assets

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

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

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

ii) *Lease Liabilities*

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

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

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

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

Group as a lessor

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

I. 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

m. Cash and cash equivalents

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

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

n. Provisions, contingent liabilities and contingent assets

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

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

Restructuring

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

Onerous contracts

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

Contingent liabilities and contingent assets

Contingent liability is disclosed for,

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

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

Contingent assets are not recognised in the consolidated financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

o. Revenue

Sale of goods

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

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

Profit Sharing Revenues

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

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

Out-licensing arrangements

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

Sales returns

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

Contract balances

Contract assets

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional

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

(i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

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

Rendering of services

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

Royalties

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

p. Dividend and interest income

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

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

q. Government grants

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

r. Employee benefits

Defined benefit plans

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

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

Termination benefits

Termination benefits are recognised as an expense in the statement of profit and loss

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

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

Short-term and Other long-term employee benefits

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

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

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

Defined contribution plans

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

Share-based payment arrangements

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

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

s. Borrowing costs

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

t. Income tax

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases

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

used in the computation of taxable profit. Deferred tax is not recognised for the temporary differences that arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and taxable temporary differences arising upon the initial recognition of goodwill.

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

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

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

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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

u. Earnings per share

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

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

v. Exceptional items

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

w. Recent Accounting pronouncements

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

₹ In Million

	Freehold land	Leasehold land*	Buildings	Buildings taken under finance lease*	Buildings given under operating lease *	Plant and equipment	Plant and equipment given under operating lease *	Plant and equipment taken under finance lease*	Furniture and fixtures	Furniture and fixtures given under operating lease *	Furniture and fixtures taken under finance lease*	Vehicles	Vehicles taken under finance lease*	Office equipment	Office equipment taken under finance lease*	Total
At cost or deemed cost																
As at April 01, 2018	3,383.7	1,848.0	46,955.7	1,045.2	772.1	87,212.8	21.1	-	3,730.0	0.4	2.7	1,123.0	721.4	1,948.4	-	148,764.5
Consolidation adjustments	(46.8)	73.4	1,306.7	72.4	(274.5)	1,325.9	1.4	(0.2)	54.3	-	-	0.8	36.0	34.3	(2.9)	2,580.8
Taken over on acquisition ^	780.8	-	1,886.9	-	-	1,694.1	-	-	-	-	-	-	-	-	113.0	4,474.8
Additions	106.5	434.1	3,149.0	-	21.6	12,059.4	-	8.5	300.0	-	-	145.0	704.4	340.5	-	17,269.0
Disposals	(72.7)	-	(575.2)	(224.7)	-	(4,184.8)	(0.9)	-	(90.7)	-	-	(169.5)	(103.3)	(112.6)	-	(5,534.4)
As at March 31, 2019	**4,151.5**	**2,355.5**	**52,723.1**	**892.9**	**519.2**	**98,107.4**	**21.6**	**8.3**	**3,993.6**	**0.4**	**2.7**	**1,099.3**	**1,358.5**	**2,210.6**	**110.1**	**167,554.7**
Consolidation adjustments	121.5	-	2,103.0	-	45.8	2,772.9	1.7	-	161.5	-	-	(6.6)	-	48.8	-	5,248.6
Taken over on acquisition ^	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	0.1	-	1,375.6	-	-	9,215.1	-	-	215.7	-	-	159.9	-	345.6	-	11,312.0
Disposals	(22.6)	-	(387.6)	-	-	(348.9)	(23.3)	-	(111.5)	-	-	(192.4)	-	(315.6)	-	(1,401.9)
Reclassified to Right-of-use assets	-	(2,355.5)	-	(892.9)	-	-	-	(8.3)	-	-	(2.7)	-	(1,358.5)	-	(110.1)	(4,728.0)
As at March 31, 2020	**4,250.5**	**-**	**55,814.1**	**-**	**565.0**	**109,746.5**	**-**	**-**	**4,259.3**	**0.4**	**-**	**1,060.2**	**-**	**2,289.4**	**-**	**177,985.4**
Accumulated depreciation and impairment																
As at April 01, 2018	-	259.7	11,121.5	891.9	290.0	40,397.5	20.7	-	2,178.7	0.4	0.7	668.5	176.4	1,168.2	-	57,174.2
Consolidation adjustments	-	14.0	449.9	63.0	(155.3)	989.9	1.0	-	26.4	-	-	(1.9)	15.4	22.7	(0.2)	1,424.9
Taken over on acquisition ^	-	-	1,458.2	-	-	1,204.6	-	-	-	-	-	-	-	-	-	2,662.8
Depreciation expense	-	28.9	1,867.4	54.4	65.2	7,531.7	-	0.4	307.3	-	0.4	170.8	214.1	288.7	8.9	10,538.2
Impairment losses recognised in profit or loss	-	-	7.7	-	-	4.5	-	-	0.7	-	-	-	-	-	-	12.9
Eliminated on disposals of assets	-	-	(397.4)	(176.3)	-	(3,627.0)	(0.9)	-	(69.5)	-	-	(123.1)	(37.7)	(100.6)	-	(4,532.5)
As at March 31, 2019	**-**	**302.6**	**14,507.3**	**833.0**	**199.9**	**46,501.2**	**20.8**	**0.4**	**2,443.6**	**0.4**	**1.1**	**714.3**	**368.2**	**1,379.0**	**8.7**	**67,280.5**
Consolidation adjustments	-	-	865.5	-	25.8	2,034.7	2.2	-	105.1	-	-	(5.0)	-	25.9	-	3,054.2
Taken over on acquisition ^	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	1,819.9	-	5.4	7,378.2	-	-	276.3	-	-	158.8	-	288.2	-	9,926.8
Impairment losses recognised in profit or loss	-	-	-	-	-	1.4	-	-	-	-	-	-	-	-	-	1.4
Eliminated on disposals of assets	-	-	(198.4)	-	-	(300.9)	(23.0)	-	(81.5)	-	-	(162.2)	-	(308.3)	-	(1,074.3)
Reclassified to Right-of-use assets	-	(302.6)	-	(833.0)	-	-	-	(0.4)	-	-	(1.1)	-	(368.2)	-	(8.7)	(1,514.0)
As at March 31, 2020	**-**	**-**	**16,994.3**	**-**	**231.1**	**55,614.6**	**-**	**-**	**2,743.5**	**0.4**	**-**	**705.9**	**-**	**1,384.8**	**-**	**77,674.6**
Net book value																
As at March 31, 2019	4,151.5	2,052.9	38,215.8	59.9	319.3	51,606.2	0.8	7.9	1,550.0	-	1.6	385.0	990.3	831.6	101.4	100,274.2
As at March 31, 2020	4,250.5	-	38,819.8	-	333.9	54,131.9	-	-	1,515.8	-	-	354.3	-	904.6	-	100,310.8

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 3A(II) RIGHT OF USE ASSETS

₹ in Million

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

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

NOTE : 3B OTHER INTANGIBLE ASSETS

Other than internally generated

₹ In Million

	Computer Software	Trademarks and Designs	Total
At cost or deemed cost			
As at April 01, 2018	1,753.6	62,902.9	64,656.5
Consolidation adjustments	21.6	2,793.3	2,814.9
Taken over on acquisition^	4.4	-	4.4
Additions	763.9	22,251.6	23,015.5
Eliminated on disposals of assets	(10.3)	(723.0)	(733.3)
As at March 31, 2019	**2,533.2**	**87,224.8**	**89,758.0**
Consolidation adjustments	54.5	7,444.4	7,498.9
Taken over on acquisition^	-	-	-
Additions	534.2	3,867.6	4,401.8
Eliminated on disposals of assets	(26.0)	(129.8)	(155.8)
As at March 31, 2020	**3,095.9**	**98,407.0**	**101,502.9**

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

₹ In Million

	Computer Software	Trademarks and Designs	Total
Accumulated amortisation and impairment			
As at April 01, 2018	1,133.2	22,654.1	23,787.3
Consolidation adjustments	17.5	989.1	1,006.6
Taken over on acquisition^	1.2	-	1.2
Amortisation expense	303.2	6,691.1	6,994.3
Eliminated on disposals of assets	(10.2)	(554.7)	(564.9)
As at March 31, 2019	**1,444.9**	**29,779.6**	**31,224.5**
Consolidation adjustments	45.8	2,768.2	2,814.0
Taken over on acquisition^	-	-	-
Amortisation expense	443.0	9,162.3	9,605.3
Impairment losses recognised in profit or loss	0.1	-	0.1
Eliminated on disposals of assets	(24.5)	(96.7)	(121.2)
As at March 31, 2020	**1,909.3**	**41,613.4**	**43,522.7**
Net book value			
As at March 31, 2019	**1,088.3**	**57,445.2**	**58,533.5**
As at March 31, 2020	**1,186.6**	**56,793.6**	**57,980.2**

Footnotes :

(a) Buildings include ₹8,620 (As at March 31, 2019: ₹8,620) towards cost of shares in a co-operative housing society and also includes ₹4.5 Million (March 31, 2019 : ₹4.5 Million) towards cost of flats not registered in the name of the Parent company but is entitled to right of use and occupancy.

(b) For details of assets pledged as security refer note 66.

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

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

* Refer note 54

^ Refer note 75

NOTE : 4 INVESTMENT IN ASSOCIATES (NON-CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
(Carrying amount determined using equity method of accounting)				
Unquoted, fully paid				
Investments in equity instruments				
Medinstill LLC	1,999	1,251.7	1,999	1,389.2
Tarsius Pharma Ltd	345,622	195.1	345,622	195.2
Investments in limited liability partnership				
Trumpcard Advisors and Finvest LLP	-	707.1	-	579.0
Generic Solar Power LLP [₹7,777 (March 31, 2019: ₹11,568)]	-	0.0	-	0.0
		2,153.9		**2,163.4**
Aggregate carrying value of unquoted investments		2,153.9		2,163.4

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

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

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
(Carrying amount determined using equity method of accounting)				
Unquoted, fully paid				
Investments in equity instruments				
Artes Biotechnology GmbH	15,853	275.7	15,853	262.0
		275.7		**262.0**
Aggregate carrying value of unquoted investments		275.7		262.0

NOTE : 6 INVESTMENTS (NON-CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
In equity instruments				
Quoted - At fair value through other comprehensive income				
Amneal Pharmaceuticals Inc. Shares of US$0.01 each fully paid	2,868,623	753.0	2,868,623	2,808.4
Krebs Biochemicals and Industries Limited Shares of ₹10 each fully paid	1,050,000	81.6	1,050,000	120.2
Krystal biotech, Inc. Shares of US$0.00001 each fully paid	914,107	2,981.5	914,107	2,077.8
scPharmaceuticals Inc.	2,167,679	1,210.0	2,167,679	449.3
Crinetics Pharmaceuticals Inc. Shares of US$0.001 each	48,265	53.5	-	-
Crispr Therapeutics AG Shares of CHF 0.03 each	60,755	194.4	-	-
Magneta Therapeutics Inc. Shares of US$0.001 each	25,900	12.3	-	-
Replimune Group Inc. Shares of US$0.001 each	22,498	16.9	-	-
Lovance Biotherapeutics Inc.	8,352	18.9	-	-
Akero Therapeutics Inc. Shares of US$0.001 each	10,905	17.4	-	-
Avrobio Inc. Shares of US$0.0001 each	37,306	43.8	-	-
In equity instruments				
Unquoted - At fair value through Profit and Loss				
Shimal Research Laboratories Limited Shares of ₹10 each fully paid	9,340,000	934.0	9,340,000	934.0
Less: Impairment in value of investment		(934.0)		(934.0)
Biotech Consortium India Limited Shares of ₹10 each fully paid	50,000	0.5	50,000	0.5
Less: Impairment in value of investment		(0.5)		(0.5)
Reanal Finomvegyszergyar Zrt.	38,894	194.3	38,894	177.9
Less: Impairment in value of investment		(194.3)		(177.9)
Others		5.8		71.9

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
In equity instruments				
Quoted - At fair value through Profit and Loss				
Others		452.6		-
In government securities				
Quoted - At fair value through other comprehensive income				
8.01% Government of Rajasthan UDAY 2020 Bond of ₹1 each fully paid maturing June 23, 2020	-	-	27,400,000	27.1
7.62% Government of Telangana UDAY 2026 Bond of ₹1 each fully paid maturing March 07, 2026	-	-	100,000,000	98.4
7.98% Government of Telangana UDAY 2030 Bond of ₹1 each fully paid maturing March 07, 2030	-	-	100,000,000	100.1
8.24% Government of Tamil Nadu UDAY 2028 Bond of ₹1 each fully paid maturing March 22, 2028	-	-	50,000,000	50.8
8.11% Government of Chhattisgarh SDL 2028 Bond of ₹1 each fully paid maturing January 31, 2028	-	-	200,000,000	202.2
8.29% Government of West Bengal SDL 2028 Bond of ₹1 each fully paid maturing February 21, 2028	-	-	50,000,000	51.4
In government securities				
Unquoted - At amortised cost				
National savings certificates [₹10,000 (March 31, 2019: ₹10,000)]	-	0.0	-	0.0
Quoted - At fair value through other comprehensive income				
Others *	-	34,218.0	-	20,973.0
In debentures/bonds				
Quoted - At fair value through other comprehensive income				
National Highways Authority of India - 8.2% Bonds of ₹1,000 each fully paid of maturing on January 25, 2022	61,809	64.3	61,809	64.6
Power Finance Corporation Ltd (Series I) - 8.2% Bonds of ₹1,000 each fully paid maturing on February 01, 2022	142,393	148.9	142,393	149.0
Indian Railway Finance Corporation Ltd - 8/8.15% Bonds of ₹1,000 each fully paid maturing on February 23, 2022	163,131	170.2	163,131	170.0
ONGC Videsh 4.625% Regd. Notes	16,000,000	1,109.3	16,000,000	1,149.7
NTPC 4.375% Regd. Euro Medium Term Notes	10,000,000	735.8	10,000,000	712.7
State Bank of India 4.875% Notes	700,000	531.4	700,000	507.0
In venture funds				
Unquoted - At fair value through Profit and Loss		7,208.3		7,309.1
		50,027.9		**37,092.7**
Aggregate book value (carrying value) of quoted investments		42,813.8		29,711.7
Aggregate amount of quoted investments at market value		42,813.8		29,711.7
Aggregate amount of unquoted investments before impairment		8,342.9		8,493.4
Aggregate amount of impairment in value of investments		1,128.8		1,112.4

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

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

NOTE : 7 LOANS (NON-CURRENT)

₹ in Million

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

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

NOTE : 8 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ in Million

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

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

₹ in Million

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

* Includes amount paid under protest

NOTE : 10 OTHER NON-CURRENT ASSETS

₹ in Million

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

* Includes amount paid under protest

NOTE : 11 INVENTORIES

₹ in Million

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

₹ in Million

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

(i) Inventory write downs are accounted, considering the nature of inventory, estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products as well as provisioning policy of the company. Write downs of inventories amounted to ₹20,762.3 Million (March 31, 2019: ₹16,690.2 Million). The changes in write downs are recognised as an expense in the consolidated statement of profit and loss.

(ii) The cost of inventories recognised as an expense is disclosed in notes 32, 33 and 36 and as purchases of stock-in-trade in the consolidated statement of profit and loss.

NOTE : 12 INVESTMENTS (CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
In government securities				
Quoted - At Fair value through other comprehensive income				
7.86% Government of Rajasthan UDAY 2019 Bond of ₹1 each fully paid maturing June 23, 2019	-	-	27,400,000	26.9
8.01% Government of Rajasthan UDAY 2020 Bond of ₹1 each fully paid maturing June 23, 2020	27,400,000	27.0	-	-
Quoted - At Fair value through other comprehensive income				
Investment in others@	-	20,421.6	-	18,812.5
In bonds/debentures				
Quoted - At Fair value through other comprehensive income				
ONGC Videsh Limited	-	-	200,000	13.8
JSW Steel Limited	-	-	7,000,000	483.0
Oil India Limited	-	-	1,000,000	69.0
Investment in bonds (various small denomination investments)	-	24,488.2	-	14,480.8
In convertible promissory note				
Unquoted - At Fair value through profit and loss	-	113.1	-	-
In mutual funds *				
Unquoted - At Fair value through profit and loss	-	3,923.7	-	5,621.2
		48,973.6		**39,507.2**

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

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

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

₹ in Million

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

NOTE : 13 TRADE RECEIVABLES

₹ in Million

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

NOTE : 14 CASH AND CASH EQUIVALENTS

₹ in Million

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

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

₹ in Million

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

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

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

NOTE : 16 LOANS (CURRENT)

₹ in Million

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

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

NOTE : 17 OTHER FINANCIAL ASSETS (CURRENT)

₹ in Million

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

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

NOTE : 18 OTHER CURRENT ASSETS

₹ in Million

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

* Includes balances of goods and service tax.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 19 EQUITY SHARE CAPITAL

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Authorised				
Equity shares of ₹1 each	5,990,000,000	5,990.0	5,990,000,000	5,990.0
Cumulative preference shares of ₹100 each	100,000	10.0	100,000	10.0
	5,990,100,000	**6,000.0**	**5,990,100,000**	**6,000.0**
Issued, subscribed and fully paid up				
Equity shares of ₹1 each (Refer note 41)	2,399,334,970	2,399.3	2,399,334,970	2,399.3
	2,399,334,970	**2,399.3**	**2,399,334,970**	**2,399.3**

NOTE : 20 OTHER EQUITY

₹ in Million

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

Refer statement of changes in equity for detailed movement in other equity balances.

Nature and purpose of each reserve

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

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

Debenture redemption reserve - The Group is required to create a debenture redemption reserve out of the profits which are available for payment of dividend. This reserve has been transferred to retained earnings on redemption of debentures.

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

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

Legal reserve - The reserve has been created by an overseas subsidiaries in compliance with requirements of local laws.

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

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

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

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

Foreign currency translation reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to consolidated profit or loss on the disposal of the foreign operation.

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

NOTE : 21 BORROWINGS (NON-CURRENT)

₹ in Million

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

Refer note 66 for borrowings (non-current).

NOTE : 22 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

₹ in Million

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

NOTE : 23 PROVISIONS (NON-CURRENT)

₹ in Million

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

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

NOTE : 24 OTHER NON-CURRENT LIABILITIES

₹ in Million

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

NOTE : 25 BORROWINGS (CURRENT)

₹ in Million

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

Refer note 67 for borrowings (current).

NOTE : 26 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ in Million

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

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

NOTE : 27 OTHER CURRENT LIABILITIES

₹ in Million

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 28 PROVISIONS (CURRENT)

₹ in Million

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

NOTE : 29 CURRENT TAX LIABILITIES (NET)

₹ in Million

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

NOTE : 30 REVENUE FROM OPERATIONS

₹ in Million

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

NOTE : 31 OTHER INCOME

₹ in Million

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

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

NOTE : 32 COST OF MATERIALS CONSUMED

₹ in Million

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

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

₹ in Million

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

NOTE : 34 EMPLOYEE BENEFITS EXPENSE

₹ in Million

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

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

NOTE : 35 FINANCE COSTS

₹ in Million

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 36 OTHER EXPENSES

₹ in Million

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

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

₹ in Million

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 38 a) List of entities included in the Consolidated Financial Statements is as under:

		Country of Incorporation	Proportion of ownership interest for the year ended	
			March 31, 2020	March 31, 2019
	Parent Company			
	Sun Pharmaceutical Industries Limited			
	Direct Subsidiaries			
1	Green Eco Development Centre Limited	India	100.00%	100.00%
2	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	72.50%	72.50%
3	Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%
4	SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%
5	Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%
6	OOO "Sun Pharmaceutical Industries" Limited	Russia	100.00%	100.00%
7	Sun Pharma De Venezuela, C.A.	Venezuela	100.00%	100.00%
8	Sun Pharma Laboratories Limited	India	100.00%	100.00%
9	Faststone Mercantile Company Private Limited	India	100.00%	100.00%
10	Neetnav Real Estate Private Limited	India	100.00%	100.00%
11	Realstone Multitrade Private Limited	India	100.00%	100.00%
12	Skisen Labs Private Limited	India	100.00%	100.00%
13	Sun Pharma Holdings	Mauritius	100.00%	100.00%
14	Softdeal Trading Company Private Limited	India	100.00%	100.00%
15	Sun Pharma (Netherlands) B.V.	Netherlands	100.00%	100.00%
16	Foundation for Disease Elimination and Control of India	India	100.00% (Refer note e)	100.00% (Refer note e)
17	Zenotech Laboratories Limited	India	57.56% (Refer note f)	57.56% (Refer note f)
	Indirect Subsidiaries			
18	Sun Farmaceutica do Brasil Ltda.	Brazil	100.00%	100.00%
19	Sun Pharma France (Formerly Known as Ranbaxy Pharmacie Generiques)	France	100.00%	100.00%
20	Sun Pharmaceutical Industries, Inc.	United States of America	100.00%	100.00%
21	Ranbaxy (Malaysia) SDN. BHD.	Malaysia	95.67%	95.67%
22	Ranbaxy Nigeria Limited	Nigeria	86.16%	86.16%
23	Chattem Chemicals Inc.	United States of America	100.00%	100.00%
24	The Taro Development Corporation	United States of America	100.00%	100.00%
25	Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%
26	Sun Pharmaceuticals UK Limited	United Kingdom	-	- (Refer note j)
27	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	100.00%	100.00%
28	Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%
29	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	100.00%	100.00%
30	Sun Pharmaceuticals Italia S.R.L.	Italy	-	- (Refer note n)
31	Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%
32	Sun Pharmaceuticals France	France	100.00%	100.00%
33	Sun Pharma Global FZE	United Arab Emirates	100.00%	100.00%
34	Sun Pharmaceuticals SA (Pty) Ltd	South Africa	100.00%	100.00%
35	Sun Global Canada Pty. Ltd.	Canada	- (Refer note p)	100.00%
36	Sun Pharma Philippines, Inc.	Philippines	100.00%	100.00%
37	Sun Pharmaceuticals Korea Ltd.	South Korea	100.00%	100.00%
38	Sun Global Development FZE	United Arab Emirates	- (Refer note t)	100.00%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

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

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

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

e Foundation for Disease Elimination and Control of India (FDEC), a wholly owned subsidiary incorporated in India on September 21, 2016 by the Company as part of its Corporate Social Responsibility (CSR) initiative. FDEC has entered into an MOU with Indian Council of Medical Research (ICMR) and Madhya Pradesh State Government to undertake the Mandla Malaria Elimination Demonstration Project with a goal to eliminate Malaria in the state. FDEC is a Section 8 company not considered for consolidation since it can apply its income for charitable purposes only and can raise funds/contribution independently.

f Books of accounts and other related records/ documents of the overseas subsidiaries of the Zenotech Laboratories Limited were missing and due to non-availability of those records/information, Zenotech Laboratories Limited is unable to prepare consolidated accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

w Significant Accounting Policies and other Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.

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

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
A) Contingent liabilities		
I) Claims against the Group not acknowledged as debts	728.9	806.4
II) Liabilities disputed - appeals filed with respect to:		
Income tax on account of disallowances / additions (Company appeals)*	41,026.6	39,384.6
Sales tax on account of rebate / classification	115.3	118.9
Excise duty / service tax on account of valuation / cenvat credit	1,005.7	1,939.0
ESIC contribution on account of applicability	130.5	130.5
Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Group	3,488.2	3,488.2
Fine imposed for anti-competitive settlement agreement by European Commission	856.1	799.5
Octroi demand on account of rate difference	171.0	171.0
Other matters - state electricity board, Punjab Land Preservation Act related matters etc.	89.8	89.3

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

The group has made provision on prospective basis to give impact of Provident fund judgement by Hon'ble Supreme Court of India (SC) dated February 28, 2019. The Group will update its provision, on receiving further clarity.

III) Legal proceedings :

The Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to conduct of its business. Some of the key matters are discussed below. Most of the legal proceedings involve complex issues, which are specific to the case and don't have precedents and hence for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings and the overall length and the discovery process; the entitlement of the parties to an action to appeal a decision; the extent of the claims, including the size of any potential class, particularly when damages are not specified or are indeterminate; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation and any other factors that may have a material effect on the litigation. The Company makes its assessment of likely outcome, based on the views of internal legal counsel and in consultation with external legal counsel representing the Company. The Company also believes that disclosure of the amount sought by plaintiffs, would not be meaningful because historical evidence indicates that the amounts settled (if any) are significantly different than those claimed by plaintiffs. Some of the legal claims against the Company, if decided against the Company may result into significant impact on its results of operations of a given period during which the claim is settled.

Antitrust – Gx Drug Price Fixing:

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

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

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

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

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

Speakes Vs Taro Pharmaceutical Industries Limited:
One US subsidiary and two of its former officers are named as defendants in a putative shareholder class action pending in the United States District Court for the Southern District of New York and which asserts claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") against all defendants and Section 20(a) of the Exchange Act against the individual defendants. It generally alleges that the defendants made material misstatements and omissions in connection with an alleged conspiracy to fix drug prices. On September 24, 2018, the Court granted in part and denied in part the Company's motion to dismiss. The case is proceeding with limited discovery.

Antitrust – Modafinil:
The Group was a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer, in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings, subsequently the Company has reached settlements in these coordinated proceedings.

Antitrust – Lipitor:
The Group is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2008 patent settlement agreement with Pfizer concerning Atorvastatin. The cases have been transferred to the United States District Court for the District of New Jersey for coordinated proceedings. The cases are proceeding in discovery.

Antitrust – In re Ranbaxy Generic Drug Application Antitrust Litigation:
The Group is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws and the Racketeer Influenced and Corrupt Organizations Act, with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases have been transferred to the United States District Court for the District of Massachusetts for coordinated proceedings. The cases are proceeding in discovery.

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

₹ in Million

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

NOTE : 40 COMMITMENTS

₹ in Million

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

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

NOTE : 41 DISCLOSURES RELATING TO SHARE CAPITAL

i Rights, preferences and restrictions attached to equity shares

The equity shares of the Parent Company, having par value of ₹1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

ii Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of reporting period

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

iii 334,956,764 (upto March 31, 2019: 334,956,764) equity shares of ₹1 each have been allotted, pursuant to scheme of amalgamation, without payment being received in cash during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

iv Refer note 57 for number of employee stock options against which equity shares are to be issued by the Company / ESOP Trust upon vesting and exercise of those stock options.

v 7,500,000 (upto March 31, 2019: 7,500,000), equity shares of ₹1 each have been bought back during the period of five years immediately preceding the date at which the Balance Sheet is prepared. The shares bought back were cancelled.

vi Equity shares held by each shareholder holding more than 5 percent equity shares in the Parent Company are as follows:

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 42 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

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

NOTE : 43 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

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

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

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments - quoted	-	5,455.7	-
Equity instruments - unquoted	71.9	-	-
Bonds/debentures - quoted	-	17,799.6	-
Government securities - quoted	-	556.9	-
Government securities - unquoted (₹10,000)	-	-	0.0
Mutual funds - unquoted	5,621.2	-	-
Others - quoted	-	39,785.5	-
Venture funds - unquoted	7,309.1	-	-
Loans to related parties	-	-	283.3
Loans to employees/others	-	-	2,980.6
Trade receivables	-	-	88,842.0
Deposits	-	-	1.4
Margin money/ security against guarantees/ commitments	-	-	2.6
Security deposits	-	-	743.6
Cash and cash equivalents	-	-	70,623.0
Bank balances other than cash and cash equivalents	-	-	2,133.0
Interest accrued on investments / balances with banks	-	-	164.7
Refund due from government authorities	-	-	5,181.9
Derivatives designated as hedges	-	559.6	-
Other financial assets	-	-	1,056.7
Derivatives not designated as hedges	254.2	-	-
Total	**13,256.4**	**64,157.3**	**172,012.8**
Financial liabilities			
Borrowings	-	-	98,933.7
Current maturities of long-term debt and finance lease obligations	-	-	6,209.9
Trade payables	-	-	41,478.7
Interest accrued	-	-	391.7
Unpaid dividends	-	-	93.9
Security deposits	-	-	126.6
Payable on purchase of property, plant and equipment	-	-	1,221.9
Derivatives designated as hedges	-	267.5	-
Other financial liabilities	-	-	1,848.0
Derivatives not designated as hedges	144.3	-	-
Total	**144.3**	**267.5**	**150,304.4**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 44 FAIR VALUE HIERARCHY

Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period

₹ in Million

	As at March 31, 2020		
	Level 1	Level 2	Level 3
Financial assets			
Investments			
Equity instruments - quoted #	5,383.3	-	-
Equity instruments - quoted	452.6	-	-
Equity instruments - unquoted	-	-	5.8
Bonds/debentures - quoted	27,248.1	-	-
Convertible promissory note - unquoted	-	-	113.1
Government securities - quoted	27.0	-	-
Mutual funds - unquoted	3,923.7	-	-
Others - quoted	54,639.6	-	-
Venture funds - unquoted	-	7,208.3	-
Derivatives designated as hedges	-	342.4	-
Derivatives not designated as hedges	-	121.5	-
Total	**91,674.3**	**7,672.2**	**118.9**
Financial liabilities			
Derivatives designated as hedges	-	1,384.7	-
Derivatives not designated as hedges	-	19.4	-
Total	-	**1,404.1**	-

₹ in Million

	As at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets			
Investments			
Equity instruments - quoted #	5,455.7	-	-
Equity instruments - unquoted	-	-	71.9
Bonds/debentures - quoted	17,799.6	-	-
Government securities - quoted	556.9	-	-
Mutual funds - unquoted	5,621.2	-	-
Others - quoted	39,785.5	-	-
Venture funds - unquoted	-	7,309.1	-
Derivatives designated as hedges	-	559.6	-
Derivatives not designated as hedges		254.2	-
Total	**69,218.9**	**8,122.9**	**71.9**
Financial liabilities			
Derivatives designated as hedges	-	267.5	-
Derivatives not designated as hedges	-	144.3	-
Total	-	**411.8**	-

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximates the fair value because there is wide range of possible fair value measurements and the costs represents estimate of fair value within that range.

The investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at fair value through other comprehensive income as the management believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in consolidated statement of profit and loss.

There were no transfers between Level 1 and 2 in the periods.

The management considers that the carrying amount of financial assets and financial liabilities carried at amortised cost approximates their fair value.

Reconciliation of Level 3 fair value measurements

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Unlisted shares valued at fair value		
Balance at the beginning of the year	71.9	22.5
Purchases	113.2	53.5
Others including disposal / settlements / charge / exchange fluctuation to consolidated statement of profit and loss	(66.2)	(4.1)
Balance at the end of the year	**118.9**	**71.9**

NOTE : 45 CAPITAL MANAGEMENT

The Group's capital management objectives are:
- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments as presented on the face of the consolidated financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

a) Debt equity ratio

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Debt (includes non-current borrowings, current borrowings, current maturities of finance lease obligations and current maturities of long-term debt)	83,148.8	105,143.6
Less : cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments	109,398.0	111,827.1
Net debt	(26,249.2)	(6,683.5)
Total equity, including reserves	491,246.9	447,226.0
Net debt to total equity ratio	N.A.	N.A.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

b) Dividend on equity shares paid during the year

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend on equity shares		
Final dividend for the year ended March 31, 2019 of ₹2.75 (year ended March 31, 2018: ₹2.0) per fully paid share	6,595.7	4,791.6
Dividend distribution tax on above	1,355.8	984.9
Interim dividend for the year ended March 31, 2020 of ₹3 (year ended March 31, 2019: ₹Nil) per fully paid share	7,193.9	-
Dividend distribution tax on above	1,478.7	-

Dividends not recognised at the end of the reporting period

The Board of Directors at it's meeting held on May 27, 2020 have recommended payment of final dividend of ₹1 per share of face value of ₹1 each for the year ended March 31, 2020. The same amounts to ₹2,399.3 Million.

This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.

NOTE : 46 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Group grants credit terms in the normal course of business.

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect significant any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Trade receivables

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	93,375.8	86,212.4
180 - 365 days	1,112.6	976.4
beyond 365 days	2,237.7	3,899.3
Total	**96,726.1**	**91,088.1**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	2,246.1	3,142.9
Addition	667.0	268.2
Recoveries / reversals	(399.4)	(1,165.0)
Balance at the end of the year	2,513.7	2,246.1

Other than Trade receivables, the Group has recognised an allowance of ₹10.2 Million (March 31, 2019 : ₹9.8 Million) against past due loans including interest and ₹500.0 Million of other receivables based on assessment regarding recoverability of the same.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due.

The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The Group had unutilised working capital lines from banks of ₹60,566.7 Million as on March 31, 2020, ₹42,377.3 Million as on March 31, 2019.

The table below provides details regarding the contractual maturities of significant financial liabilities :

₹ in Million

	As at March 31, 2020			
	Less than 1 year	1 - 3 years	More than 3 years	Total
Non derivative				
Borrowings	62,967.9	15,338.3	4,975.3	83,281.5
Trade payables	40,937.3	-	-	40,937.3
Other financial liabilities	4,097.9	4.5	-	4,102.4
	108,003.1	**15,342.8**	**4,975.3**	**128,321.2**
Derivatives	**984.5**	**355.2**	**64.4**	**1,404.1**

₹ in Million

	As at March 31, 2019			
	Less than 1 year	1 - 3 years	More than 3 years	Total
Non derivative				
Borrowings	90,062.3	13,238.6	2,023.2	105,324.1
Trade payables	41,478.7	-	-	41,478.7
Other financial liabilities	3,671.9	10.2	-	3,682.1
	135,212.9	**13,248.8**	**2,023.2**	**150,484.9**
Derivatives	391.4	20.4	-	411.8

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign exchange risk

The Group's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollar, Euro, South African Rand, Japanese Yen and Russian Rouble) and foreign currency

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

borrowings (primarily in US Dollar). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, option contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

a) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents, borrowings and trade payables

₹ in Million

	As at March 31, 2020					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Financial assets						
Trade receivables	47,235.9	5,222.1	3,840.9	1,287.4	113.5	57,699.8
Cash and cash equivalents	1,181.2	1,291.0	189.2	-	64.7	2,726.1
	48,417.1	**6,513.1**	**4,030.1**	**1,287.4**	**178.2**	**60,425.9**
Financial liabilities						
Borrowings	52,978.0	1,433.3	-	-	7,178.7	61,590.0
Trade payables	35,335.4	2,494.4	121.7	140.0	552.1	38,643.6
	88,313.4	**3,927.7**	**121.7**	**140.0**	**7,730.8**	**100,233.6**

₹ in Million

	As at March 31, 2019					
	US Dollar	Euro	Russian Rouble	South African Rand	Japanese Yen	Total
Financial assets						
Trade receivables	44,538.9	3,809.9	2,480.4	4,427.5	2,908.2	58,164.9
Cash and cash equivalents	2,117.9	1,192.0	28.2	-	502.4	3,840.5
	46,656.8	**5,001.9**	**2,508.6**	**4,427.5**	**3,410.6**	**62,005.4**
Financial liabilities						
Borrowings	62,850.4	1,371.7	-	-	-	64,222.1
Trade payables	42,069.5	2,281.6	83.7	158.7	291.1	44,884.6
	104,919.9	**3,653.3**	**83.7**	**158.7**	**291.1**	**109,106.7**

b) Sensitivity

For the years ended March 31, 2020 and March 31, 2019 every 5% strengthening in the exchange rate between the Indian rupee and the respective major currencies for the above mentioned financial assets/ liabilities would increase Group's profit and increase in Group's equity by approximately ₹1,990.4 Million and ₹2,355.1 Million respectively. A 5% weakening of the Indian rupee and the respective major currencies would lead to an equal but opposite effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c) Derivative contracts

The Group is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily in US Dollar, Euro, South African Rand, Japanese Yen and Russian Rouble and foreign currency debt is primarily in US Dollar. The Group uses foreign currency forward contracts, foreign currency option contracts, interest rate swap and currency swap contracts (collectively, "derivatives") to mitigate its risk of changes in foreign currency exchange rates. The counterparty for these contracts is generally a bank or a financial institution.

Hedges of highly probable forecasted transactions

The Group designates its derivative contracts that hedge foreign exchange risk associated with its highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the consolidated statement of profit and loss.

In respect of the aforesaid hedges of highly probable forecasted transactions, the Group has recorded a loss of ₹1,184.4 Million for the year ended March 31, 2020 and gain of ₹539.0 Million for the year ended March 31, 2019 in other comprehensive income. The Group also recorded hedges as a component of revenue, gain of ₹570.4 Million for year ended March 31, 2020 and loss of ₹22.5 Million for year ended March 31, 2019 on occurrence of forecasted sale transaction.

Changes in the fair value of forward contracts and option contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the consolidated statement of profit and loss. The changes in fair value of the forward contracts and option contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognised in the consolidated statement of profit and loss.

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts:

Amount in Million

	Currency	Buy / Sell	Cross Currency	As at March 31, 2020	As at March 31, 2019
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	INR	ZAR 450.0	ZAR 480.0
Forward contracts	USD	Sell	INR	USD 227.5	USD 120.5
Forward contracts	USD	Buy	JPY	USD 5.0	USD 17.4
Forward contracts	USD	Sell	NIS	USD 46.3	USD 57.0
Forward contracts	USD	Sell	CAD	USD 31.1	-
Currency swaps	JPY	Buy	USD	USD 97.3	-
Derivatives not designated as hedges					
Forward contracts	USD	Buy	INR	-	USD 27.3
Forward contracts	AUD	Sell	USD	USD 6.8	USD 7.4
Forward contracts	RUB	Sell	USD	-	USD 4.5
Forward contracts	GBP	Sell	USD	USD 6.6	USD 4.9
Forward contracts	EUR	Sell	USD	USD 7.2	USD 9.8
Currency cum interest rate swaps	USD	Buy	INR	-	USD 50.0
Interest rate swaps (Floating to fixed)	USD	Buy	USD	-	USD 50.0
Interest rate swaps (Floating to fixed)	USD	Buy	USD	-	USD 125.0
Forward contracts	USD	Sell	NIS	USD 2.8	USD 6.8
Forward contracts	USD	Sell	CAD	USD 8.8	USD 69.5
Forward contracts	USD	Sell	HUF	USD 2.6	USD 4.2
Forward contracts	RUB	Sell	RON	RON 6.4	RON 15.2
Forward contracts	RON	Buy	RUB	-	RON 6.9
Forward contracts	USD	Sell	RON	-	USD 20.0
Currency swaps	USD	Sell	RON	-	USD 9.1

Interest rate risk

The Group has loan facilities on floating interest rate, which exposes the Group to risk of changes in interest rates. The Group monitors the interest rate movement and manages the interest rate risk by evaluating interest rate swaps etc. based on the market / risk perception.

For the year ended March 31, 2020 and March 31, 2019, every 50 basis point decrease in the floating interest rate component applicable on its closing balance of loans and borrowings would increase the Group's profit by approximately ₹339.6 Million and ₹330.7 Million respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Group's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Group's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2020, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE : 47 GOODWILL (NET):

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

₹ in Million

i)

	As at March 31, 2020	As at March 31, 2019
Goodwill in respect of:		
Sun Pharmaceutical Industries, Inc.	27,943.1	25,594.4
Sun Farmaceutica do Brasil Ltda.	317.6	387.4
Sun Pharma Japan Ltd.	142.9	128.2
Taro Pharmaceutical Industries Ltd.	14,300.4	13,098.5
Terapia SA	20,103.4	18,425.9
Ranbaxy Farmaceutica Ltda.	417.4	382.3
Basics GmbH	380.9	355.9
Zenotech Laboratories Limited	595.4	595.4
Sun Pharmaceutical Industries Limited	1,677.4	1,677.4
Ranbaxy South Africa (Pty) Ltd	2.9	3.3
JSC Biosintez	211.0	234.0
Sun Pharmaceutical Medicare Limited	1.0	1.0
Total (A)	**66,093.4**	**60,883.7**
Less:		
Capital reserve in respect of :		
Alkaloida Chemical Company Zrt.	1,184.5	1,237.3
Ranbaxy Nigeria Limited	1.6	1.5
Sun Pharmaceutical Industries Limited	27.5	27.5
Ranbaxy Malaysia SDN. BHD.	65.2	59.7
Total (B)	**1,278.8**	**1,326.0**
Total (A-B)	**64,814.6**	**59,557.7**

ii) Below is the reconciliation of the carrying amount of goodwill:

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	59,557.7	56,067.1
Add/ (less): Foreign currency translation difference	5,256.9	3,490.6
Closing balance	**64,814.6**	**59,557.7**

The carrying amount of goodwill are stated above. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The cash flow projections includes estimates for five years developed using internal forecasts and terminal growth rate thereafter. The planning horizon reflects the assumptions for short to mid-term market developments. The average growth rate used in extrapolating cash flows beyond the planning period ranged from 0.5% to 5.5% for the year ended March 31, 2020. Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

rate is estimated on the weighted average cost of capital for respective CGU or group of CGUs. Discount rate used ranged from 0.7% to 11.8% for the year ended March 31, 2020. The management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Based on the impairment assessment, the Management has determined no impairment loss in the value of goodwill.

NOTE : 48 DISCLOSURES MANDATED BY THE COMPANIES ACT, 2013 SCHEDULE III PART II BY WAY OF ADDITIONAL INFORMATION IS GIVEN IN ANNEXURE 'A'.

NOTE : 49 INCOME TAXES

Tax Reconciliation

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Reconciliation of tax expense		
Profit before tax	50,095.9	38,102.0
Income tax rate in India (%)	34.944%	34.944%
Income tax expense calculated at corporate tax rate	**17,505.5**	**13,314.4**
Effect of deduction claimed under chapter VI A of Income Tax Act, 1961	(10,218.1)	(6,841.0)
Effect of income that is exempt from tax	(90.6)	(235.9)
Effect of expenses that are not deductible in determining taxable profit	723.5	1,371.0
Effect of Incremental deduction allowed on account of research and development costs and other allowances	(2,054.1)	(2,950.2)
Effect of income which is taxed at special rates	(592.9)	(1,129.4)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(5,325.3)	(205.1)
Effect of difference between Indian and foreign tax rates and non taxable subsidiaries	12,555.2	1,609.4
Effect of deferred tax expense/ (credit) on unrealised profits	(3,061.6)	(1,653.4)
Tax payable under MAT on which DTA was not created	3,310.0	911.0
Others	(4,523.6)	1,818.1
Income tax expense recognised in consolidated statement of profit and loss	**8,228.0**	**6,008.8**

NOTE : 50 DEFERRED TAX

i) Deferred tax assets (Net)

₹ in Million

	Opening balance April 01, 2019	Profit/(loss) movement during the year *	Other comprehensive income movement during the year *	Closing balance March 31, 2020
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	5,777.2	(144.0)	100.5	5,733.7
Unabsorbed depreciation / carried forward losses	8,105.7	(2,795.4)	-	5,310.3
Inventory and other related items	6,194.5	3,785.4	-	9,979.9
Intangible assets	3,776.7	(922.2)	-	2,854.5
Others	2,486.2	1,782.9	223.1	4,492.2
	26,340.3	**1,706.7**	**323.6**	**28,370.6**
MAT credit entitlement	7,517.0	3,880.1	-	11,397.1
	33,857.3	**5,586.8**	**323.6**	**39,767.7**
Less : Deferred tax liabilities				
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	6,307.7	664.2	-	6,971.9
Others	2,000.9	(755.2)	(202.8)	1,042.9
	8,308.6	**(91.0)**	**(202.8)**	**8,014.8**
	25,548.7	**5,677.8**	**526.4**	**31,752.9**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

ii) Deferred tax liabilities (Net)

₹ in Million

	Opening balance April 01, 2019	Profit/(loss) movement during the year *	Other comprehensive income movement during the year *	Closing balance March 31, 2020
Deferred tax liabilities				
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax and others	1,595.6	633.1	-	2,228.7
	1,595.6	**633.1**	**-**	**2,228.7**
Less : Deferred tax assets				
Expenses claimed for tax purpose on payment basis	117.0	138.0	45.5	300.5
Others	143.6	(21.0)	5.7	128.3
	260.6	**117.0**	**51.2**	**428.8**
MAT credit entitlement	292.2	926.3	-	1,218.5
	552.8	**1,043.3**	**51.2**	**1,647.3**
	1,042.8	**(410.2)**	**(51.2)**	**581.4**

* Movement during the year includes foreign currency translation difference amounting to ₹1,111.7 Million gain for the year ended March 31, 2020.

iii) Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Tax losses (includes capital in nature)	96,960.2	88,027.8
Unabsorbed depreciation	30,608.0	38,885.4
Unused tax credits (including MAT credit entitlement)	8,819.0	8,034.7
Deductible temporary differences	20,237.5	20,881.4
	156,624.7	**155,829.3**

The unused tax credits will expire from financial year 2021-22 to financial year 2034-35 and unused tax losses will expire from financial year 2020-21 to 2039-40. In case of certain overseas subsidiaries there is no expiry period for tax losses and unused tax credits.

NOTE : 51 EARNINGS PER SHARE

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (₹ in Million) - used as numerator for calculating earnings per share	37,649.3	26,654.2
Weighted average number of shares used in computing basic earnings per share (A)	2,399,334,970	2,399,326,681
Add: Dilution effect of employee stock option (B)	-	3,575
Weighted average number of shares used in computing diluted earnings per share (A+B)	2,399,334,970	2,399,330,257
Nominal value per share (in ₹)	1	1
Basic earnings per share (in ₹)	15.7	11.1
Diluted earnings per share (in ₹)	15.7	11.1

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 52 SEGMENT REPORTING

The Chief Operating Decision Maker ('CODM') evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group's reportable segments are as follows:

1. India
2. United States of America
3. Emerging markets
4. Rest of world

The reportable segments derives their revenues from the sale of pharmaceuticals products (generics, speciality, API, etc.). The CODM reviews revenue as the performance indicator. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

Revenue by Geography

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
India	101,862.7	78,166.7
United States of America	109,387.0	109,360.1
Emerging markets	61,972.5	58,698.0
Rest of world	50,029.5	40,638.0
	323,251.7	**286,862.8**

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

No customer contributed more than 10.0% of total revenues for the year ended March 31, 2020.

NOTE : 53 REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018 which does not require restatement of comparative period. The Company elected to apply the standard to all contracts as at April 01, 2018. Accordingly, an adjustment of ₹6,493.0 Million was recognised to retained earnings as on April 01, 2018. Further, the Company has recorded an additional amount of ₹3,175.8 Million (March 31, 2019 : ₹493.7 Million) as deferred revenue pursuant to the requirements of Ind AS 115. Revenue of ₹1,543.8 Million (March 31,2019: ₹628.9 Million) has been recognised as Revenue from contract with customer in FY20 pursuant to completion of performance obligation in respect of the above contracts.

The reconciling items of revenue recognised in the consolidated statement of profit and loss with the contracted price are as follows :

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price, net of returns	589,120.5	559,578.1
Less :		
Provision for sales return	(8,491.3)	(7,664.8)
Chargebacks, Rebates, discounts and others	(257,377.5)	(265,050.5)
	(265,868.8)	**(272,715.3)**
Revenue from contracts with customers	**323,251.7**	**286,862.8**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Contract balances		
Trade receivables	94,212.4	88,842.0
Contract assets	434.1	-
Contract liabilities	9,836.7	8,487.9

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

NOTE : 54 LEASES

(a) Effective April 01, 2019, the Company has adopted Ind AS 116 “Leases”, and applied to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the Company has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Management has excercised judgement in determining whether extension and termination options are reasonably certain to be excercised. Expenses related to short term leases and low-value assets for the year ended March 31, 2020 is ₹193.7 Million.

(b) The Group has given certain premises and plant and machinery under operating lease or leave and license agreements for a period ranging upto 10 years.These includes both cancellable and non-cancellable leases and agreements. The Group has received refundable interest free security deposits, where applicable, in accordance with agreed terms.

(c) Operating lease

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Group as lessor		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	149.5	155.5
later than one year and not later than five years	204.7	338.3

(d) The following is the movement of lease liabilities

₹ in Million

Particulars	Year ended March 31, 2020
Balance as at Beginning of the year	**1,346.4**
Additions	3,294.1
Deletions	(647.3)
Interest expense on lease liability	253.2
Payment towards lease liabilities	(959.7)
Translation difference	153.6
Balance at end of the year	**3,440.3**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

(e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Million

Particulars	As at March 31, 2020
Less than one year	1,078.4
Later than one year and not later than five years	2,076.7
Later than five years	1,839.3

NOTE : 55 EMPLOYEE BENEFITS PLANS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Corporation (ESIC) and other Funds which covers all regular employees of the Parent and Indian subsidiaries. While the employees and the Parent and Indian subsidiaries make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other statutory funds are made only by the Parent and Indian subsidiaries. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹1,037.8 Million (March 31, 2019 : ₹947.7 Million).

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Provident Fund and Family Pension Fund	920.2	838.8
Contribution to Superannuation Fund	63.2	64.9
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	53.2	43.1
Contribution to Labour Welfare Fund	1.2	0.9

Defined benefit plan

a) Gratuity

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Parent and Indian subsidiaries reviews the level of funding in gratuity fund. The Parent and Indian subsidiaries decides its contribution based on the results of its annual review. The Parent and Indian subsidiaries aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

b) Pension fund

The Parent and Indian subsidiaries has an obligation towards pension, a defined benefit retirement plan, with respect to certain employees, who had already retired before March 01, 2013, will continue to receive the pension as per the pension plan.

Risks

These plans typically expose the Parent and Indian subsidiaries to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

i) Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. However, the risk is partially mitigated by investment in LIC managed fund.

ii) Interest rate risk - A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

iii) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

iv) Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per the Parent and Indian subsidiaries rules with corresponding charge to the consolidated statement of profit and loss amounting to ₹586.4 Million (March 31, 2019: ₹446.7 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined as at the year end using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in other comprehensive income whereas gains and losses in respect of other long term employee benefit plans are recognised in the consolidated statement of profit and loss.

₹ in Million

	Year ended March 31, 2020		Year ended March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Expense recognised in the consolidated statement of profit and loss (Refer note 34)				
Current service cost	-	363.4	-	345.9
Interest cost	67.5	243.1	67.7	256.8
Expected return on plan assets	-	(240.9)		(229.9)
Expense charged to the consolidated statement of profit and loss	67.5	365.6	67.7	372.8
Remeasurement of defined benefit obligation recognised in other comprehensive income				
Actuarial loss / (gain) on defined benefit obligation	80.8	334.6	64.9	(322.6)
Actuarial loss/ (gain) on plan assets	-	2.3	-	26.7
Expense/(income) charged to other comprehensive income	80.8	336.9	64.9	(295.9)
Reconciliation of defined benefit obligations				
Obligations as at the beginning of the year	949.3	3,415.3	903.7	3,426.2
Current service cost	-	363.4	-	345.9
Interest cost	67.5	243.1	67.7	256.8
Benefits paid	(87.9)	(294.1)	(87.0)	(291.0)
Actuarial (gains)/losses on obligations				
due to change in demographic assumptions	-	106.3	-	(17.8)
due to change in financial assumptions	58.2	44.6	35.7	(223.6)
due to experience	22.6	183.7	29.2	(81.2)
Acquisition Adjustment		2.8		
Obligation as at the year end	1,009.7	4,065.1	949.3	3,415.3

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020	As at March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the consolidated balance sheet		
Present value of commitments (as per actuarial valuation)	4,065.1	3,415.3
Fair value of plan assets	(3,470.6)	(3,385.7)
Excess of planned assets over commitments not recognised	-	-
Net liability recognised in the consolidated financial statement	594.5	29.6

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of plan assets		
Plan assets as at the beginning of the year	3,385.7	3,068.8
Expected return	240.9	229.9
Assets transferred in/ Acquisitions	0.3	-
Actuarial gain/ (loss)	(2.3)	(26.7)
Employer's contribution during the year	140.1	404.7
Benefits paid	(294.1)	(291.0)
Plan assets as at the year end	3,470.6	3,385.7

	As at March 31, 2020		As at March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Assumptions :				
Discount rate	6.50%	In range of 6.10% to 6.50%	7.10%	In range of 7.10% to 7.50%
Expected return on plan assets	N.A.	6.50%	N.A.	7.10%
Expected rate of salary increase	N.A.	In range of 7.00% to 10.00%	N.A.	In range of 7.00% to 10.00%
Interest rate guarantee	N.A.	N.A	N.A.	N.A.
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Morality (2012-14)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Morality (2006-08)
Employee turnover	N.A.	In range of 8.00% to 13.45%	N.A.	In range of 8.21% to 15.80%
Retirement age (years)	N.A.	58 to 60	N.A.	58 to 60

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020		As at March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity analysis:				
The sensitivity analysis have been determined based on method that extrapolates the impact on defined benefit obligation as a reasonable change in key assumptions occurring at the end of the reporting period.				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	(84.7)	(241.0)	(76.3)	(172.5)
Delta effect of -1% change in discount rate	95.6	271.1	85.5	191.1
Delta effect of +1% change in salary escalation rate	-	261.5	-	184.8
Delta effect of -1% change in salary escalation rate	-	(237.3)	-	(170.3)
Delta effect of +1% change in rate of employee turnover	-	(42.2)	-	(26.0)
Delta effect of -1% change in rate of employee turnover	-	46.8	-	28.6
Maturity analysis of projected benefit obligation for next				
1st year	88.8	683.4	88.4	698.8
2nd year	88.0	507.8	87.5	474.9
3rd year	87.1	465.0	86.7	469.1
4th year	86.1	470.3	85.8	414.2
5th year	85.5	469.4	84.8	398.5
Thereafter	2,122.9	4,044.3	2,143.7	2,908.1
The major categories of plan assets are as under:				
Central government securities	-	9.7	-	9.9
Bonds and securities	-	66.2	-	67.3
Insurer managed funds (Funded with LIC, break-up not available)	-	2,459.6	-	2,358.1
Surplus fund lying uninvested	-	935.1	-	950.4

The contribution expected to be made by the Parent and Indian subsidiaries for gratuity, during financial year ending March 31, 2021 is ₹976.1 Million (March 31, 2020 ₹334.2 Million).

In the United States, the Company sponsors a defined contribution 401(k) retirement savings plan for all eligible employees who meet minimum age and service requirements. The Company has no further obligations under the plan beyond its annual matching contributions.

NOTE : 56

On November 23, 2016, Taro announced that its Board of Directors approved a US$250 Million repurchase of ordinary shares, which was completed on January 11, 2019. Under the program, Taro bought back 2,493,378 of its ordinary shares in open market transactions, in accordance with a 10b5-1 program, at an average price of US$100.28 per share. During the year ended March 31, 2019, Taro repurchased 888,719 shares through the November 2016 program at an average price of US$95.05 per share.

On November 4, 2019, Taro announced that its Board of Directors approved a US$300 Million share repurchase of ordinary shares. On November 15, 2019, the Taro commenced a modified "Dutch auction" tender offer to repurchase up to US$225 Million in value of its ordinary shares. In accordance with the terms and conditions of the tender offer, which expired on December 16, 2019, Taro accepted for payment 280,719 ordinary shares at the final purchase price of US$91.00 per share.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE : 57 EMPLOYEE SHARE-BASED PAYMENT PLANS

The Company operates employee stock option scheme namely, SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) for the grant of stock options to the eligible personnel. Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

The movement of the options (post split) granted under SUN-ESOS 2015

	March 31, 2020			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	158,739	562.5	562.5	0.9
Exercised during the year	-	-		-
Lapsed during the year	(158,739)	562.5	562.5	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The scheme has ended and no option are outstanding at the end of the year.

	March 31, 2019			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	263,680	270.0-562.5	450.3	1.5
Exercised during the year $	(11,790)	270.0-562.5	324.9	-
Lapsed during the year	(93,151)	270.0-562.5	275.0	-
Outstanding at the end of the year *	158,739	562.5	562.5	0.9
Exercisable at the end of the year *	158,739	562.5	562.5	0.9

* Includes options exercised, pending allotment

$ Weighted average share price on the date of exercise ₹492.6

NOTE :58

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹214.2 Million (March 31,2019: ₹241.5 Million).

NOTE :59

The Group does not have any material associates or joint ventures warranting a disclosure in respect of individual associate or joint venture. The Group's share of other comprehensive income is ₹Nil (March 31, 2019: ₹Nil) in respect of such associates and joint ventures. The unrecognised share of loss of ₹Nil (March 31, 2019: ₹Nil) in respect of such associates and joint ventures.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 60

In respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, provision has been made, which would be required to settle the obligation. The said provisions are made as per the best estimate of the management and disclosure as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets" has been given below:

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
	Product and Sales related *	Product and Sales related *
Opening balance	26,989.0	50,165.4
Add: Provision for the year	45,371.5	67,645.3
Add: Unwinding of discounts on provisions	-	46.7
Less: Utilisation/settlement/reversal ^	(37,948.4)	(92,913.1)
Add/(less): Foreign currency exchange fluctuation	2,407.8	2,044.7
Closing balance	**36,819.9**	**26,989.0**

* Includes provision for trade commitments, discounts, rebates, price reductions, product returns, chargeback, medicaids, contingency provision and clawback.

^ Previous year ended March 31, 2019 includes reversal of obligation arising from a supply contract with Atlas Global Trading ("Atlas"). These rights and obligations were acquired by Sun Laboratories FZE a wholly owned subsidiary from Atlas in the previous year.

NOTE : 61 EXCEPTIONAL ITEMS INCLUDES THE FOLLOWING :

a) The Group was a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings. Subsequently, the Company reached settlements in these coordinated proceedings. The Company accounted for an amount of ₹12,383.8 Million in the year ended on March 31, 2019, of which ₹12,143.8 Million was disclosed as an exceptional item. During year ended March 31, 2020, the Company entered into a settlement agreement with the last remaining Plaintiff of these coordinated proceedings and the settlement amount has been grouped in other expenses.

b) The Hon'ble Supreme Court of India while disposing various Special leave petitions filed by the Central Government with respect to central excise refund claims of various eligible industries under the Industrial Policies and Central Excise notifications in relation thereto, had held that the amendments to original notification restricting the central excise refund were clarificatory in nature. Based on the judgement by the Hon'ble Supreme Court of India, an amount of ₹1,042.8 Million including interest has been charged in the statement of profit and loss.

c) Our U.S. subsidiary, Dusa Pharmaceuticals, Inc has reached an agreement in principle with the U.S. Department of Justice and an individual to resolve allegations relating to the sales, marketing and promotion of two of its products - Levulan and Blu-u, as extension of a Civil Investigation Demand for the period January 2010 to September 2017. The Company has made a provision of ₹1,563.6 Million for this settlement.

NOTE : 62

a) Since the US-FDA import alert at Karkhadi facility in March 2014, the Company remained fully committed to implement all corrective measures to address the observations made by the US-FDA with the help of third party consultant. The Company has completed all the action items to address the US-FDA warning letter observations issued in May 2014. It is continuing to work closely and co-operatively with the US-FDA to resolve the matter for lifting the import alert. The contribution of this facility to Company's revenues is not significant.

b) The US-FDA, on January 23, 2014, had prohibited using API manufactured at Toansa facility for manufacture of finished drug products intended for distribution in the U.S. market. Consequentially, the Toansa manufacturing facility was subject to certain provisions of the consent decree of permanent

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In addition, the Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey had also issued an administrative subpoena dated March 13, 2014 seeking information. The Company is continuing to fully co-operate and provide requisite information to the US DOJ.

c) In December 2019, the USFDA inspected the Halol facility and issued Form 483 with 8 observations. Post the submission of the company's response in January 2020, the USFDA classified the inspection status as Official Action Indicated (OAI). The company is in continuous communication with the USFDA to resolve the outstanding issues from the December 2019 inspection. The Company continues to manufacture and distribute products to the U.S from this facility. However, the OAI status normally implies that the USFDA may put all new approvals from the Halol facility on hold till the outstanding corrective actions are completed.

d) In September 2013, the USFDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In March 2017, the USFDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The Mohali facility continues to demonstrate sustainable cGMP compliance as required by the consent decree. The Company continues to receive approval of applications, manufacture and distribute products to the U.S from this facility.

NOTE : 63
The Group vide its press release dated January 22, 2019, had announced the transition of India domestic formulations distribution business from Aditya Medisales Limited (AML) to Sun Pharma Distributors Limited (SPDL), a wholly owned subsidiary of the Company. During the transition phase AML acted as an agent of Company.

During the current year, post completion of the transition, SPDL executed a business transfer agreement on October 07, 2019 to acquire the Pharmaceutical business undertaking of AML on a slump sale basis, which included certain receivables and payables. The net consideration paid by the company amounted to ₹629.6 Million.

NOTE : 64
Pursuant to the scheme of arrangement, as approved by the National Company Law Tribunal, Ahmedabad Bench on October 31, 2018, unbranded generic pharmaceutical undertaking of Sun Pharma Global FZE, a wholly owned subsidiary, was transferred to the Company w.e.f April 01, 2017. Consequently, effect of the scheme including the tax impact was given in the consolidated financial statement in accordance with Ind AS 103 – Business Combinations in the previous financial years.

NOTE : 65
The Group continues to monitor the impact of COVID-19 on its business, including its impact on customers, supply-chain, employees and logistics. Due care has been exercised, in concluding on significant accounting judgements and estimates, including in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the information available to date, while preparing the Group's financial statements as of and for the year ended March 31, 2020.

NOTE : 66 DETAILS OF LONG-TERM BORROWINGS AND CURRENT MATURITIES OF LONG-TERM DEBT [INCLUDED UNDER OTHER CURRENT FINANCIAL LIABILITIES]

A Secured term loan from other parties:

Secured term loan from department of biotechnology of ₹108.2 Million (March 31, 2019 : ₹108.2 Million) has been secured by hypothecation of movable assets of the Company. The loan is repayable in 10 equal half yearly installments commencing from December 14, 2020, last installment is due on June 14, 2025.

B Term loan from banks:

Unsecured

(i) Unsecured External Commercial Borrowings (ECBs) has 4 loans aggregating of US$225 Million (March 31, 2019 : US$290 Million) equivalent to ₹16,971.8 Million (March 31, 2019 : ₹20,036.1 Million) and 2 loan of JPY 10,317.5 Million (March 31, 2019 : Nil) equivalent to ₹7,178.8 Million (March 31, 2019 : Nil). For the ECB loans outstanding as at March 31, 2020, the terms of repayment for borrowings are as follows:

a) US$25 Million (March 31, 2019 : US$50 Million) equivalent to ₹1,885.8 Million (March 31, 2019 : ₹3,454.5 Million). The loan was taken on September 20, 2012 and is repayable in 2 equal installments of US$25 Million each. The first

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

installment of US$25 Million has been repaid in current year and last installment of US$25 Million is due on September 18, 2020.

b) US$100 Million (March 31, 2019 : US$100 Million) equivalent to ₹7,543.0 Million (March 31, 2019 : ₹6,909.0 Million). The loan was taken on June 04, 2013 and is repayable in 3 installments viz. first installment of US$30 Million is due on June 01, 2020, second installment of US$30 Million is due on December 01, 2020 and last installment of US$40 Million is due on December 01, 2021.

c) US$50 Million (March 31, 2019 : US$50 Million) equivalent to ₹3,771.5 Million (March 31, 2019 : ₹3,454.5). The loan was taken on October 03, 2018 and is repayable in 2 equal installments of US$25 Million each. The first installment of US$25 Million is due on October 01, 2021 and last installment of US$25 Million is due on October 03, 2022.

d) US$Nil (March 31, 2019 : US$10 Million) equivalent to ₹Nil (March 31, 2019 : ₹690.9 Million). The loan was taken in tranches of US$16 Million on March 24, 2017 and US$10 Million on June 30, 2017. The first installment of US$16 Million has been repaid during the year ended March 31, 2019 and last installment of US$10 Million has been repaid in current year.

e) US$Nil (March 31, 2019 : US$30 Million) equivalent to ₹Nil (March 31, 2019 : ₹2,072.7 Million). The loan was taken on September 08, 2017 and has been repaid in current year.

f) US$Nil (March 31, 2019 : US$50 Million) equivalent to ₹Nil (March 31, 2019 : ₹3,454.5 Million). The loan was taken on August 11, 2015 and is refinanced with JPY loan, as detailed in note (g) below.

g) JPY 5,317.5 Million (March 31, 2019 : JPY Nil) equivalent to ₹3,699.9 Million (March 31, 2019 : ₹Nil). The loan was taken on August 11, 2015 in USD. The currency of the loan was changed to JPY on August 8, 2019. The loan is due for repayment on February 08, 2022.

h) JPY 5,000.0 Million (March 31, 2019 : JPY Nil) equivalent to ₹3,478.9 Million (March 31, 2019 : ₹Nil). The loan was taken on August 29, 2019 and is repayable in 3 equal installments of JPY 1,667 Million each. The first installment of JPY 1,667 Million is due on August 30, 2021, second installment of JPY 1,667 Million is due on August 29, 2022 and last installment of JPY 1,667 Million is due on August 29, 2023.

i) US$50 Million (March 31, 2019 : US$Nil) equivalent to ₹3,771.5 Million (March 31, 2019 : ₹Nil). The loan was taken on August 29, 2019 and is repayable in 3 equal installments of US$16.67 Million each. The first installment of US$16.67 Million is due on August 30, 2021, second installment of US$16.67 Million is due on August 29, 2022 and last installment of US$16.67 Million is due on August 29, 2023.

The Company has not defaulted on repayment of loan and interest payment thereon during the year. The aforementioned unsecured ECBs are availed from various banks at floating rate linked to Libor (range from 1.79% - 2.14% as at March 31, 2020) and secured loan from department of biotechnology have been availed at a range from 2% to 3%.

NOTE : 67 DETAILS OF SECURITIES FOR CURRENT BORROWINGS ARE AS UNDER:

Borrowings taken by overseas subsidiaries are supported by the letters of awareness issued by the Parent Company.

NOTE : 68 LOANS/ADVANCES DUE FROM AN ASSOCIATE

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Interest bearing with specified repayment schedule:		
Medinstill LLC		
Considered good	377.2	283.3
	377.2	**283.3**

Loans have been granted to the above entity for the purpose of its business.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE : 69

a) Sun Pharma Global FZE, a subsidiary of the Parent Company holds 23.35% in the capital of Enceladus Pharmaceutical B.V. However, as Sun Pharma Global FZE does not have any 'Significant Influence' in Enceladus Pharmaceutical B.V., as is required under Ind AS 28 - "Investments in Associates and Joint Ventures", the said investment in Enceladus Pharmaceutical B.V. has not been consolidated as an "Associate Entity".

b) The Parent Company holds 24.91% in the capital of Shimal Research Laboratories Limited. However, as the Parent Company does not have any 'Significant Influence' in Shimal Research Laboratories Limited, as is required under Ind AS 28 - "Investments in Associates and Joint Ventures", the said investment in Shimal Research Laboratories Limited has not been consolidated as an "Associate Entity".

NOTE : 70

Prior to April 01, 2019, the functional currency of the Taro's Canadian subsidiary was the Canadian dollar ("CAD"). Effective April 01, 2019, Taro Pharmaceuticals Inc (TPI) functional currency was prospectively changed to USD. This change was based on a factual assessment of the changes in the primary economic and business environment, in which TPI operates, which have evolved over time.

As part of management's functional currency assessment, changes in economic facts and circumstances were considered. Over the years the subsidiary has centralised different functions, including treasury, which resulted in a stronger focus on the USD currency for TPI. Additionally, TPI has implemented budgeting in USD, whereas this was previously performed in CAD. Further, lately due to a shift in focus, TPI's cash inflows consist primarily of USD cash balances and less of CAD, as also reflected in the budget.

Management re-evaluated all indicators to determine the functional currency of TPI. Such indicators include i) cash flow, ii) sales price, iii) sales market, iv) expense, v) financing and vi) intercompany transactions and arrangements. Considering all relevant facts together, management concluded that USD best reflects the currency of the primary economic environment in which TPI currently operates.

NOTE : 71 DISCLOSURE OF A SUBSIDIARY THAT HAS NON-CONTROLLING INTEREST THAT IS MATERIAL TO THE GROUP

Name of Subsidiary	Principal place of business	Country of incorporation	Nature*	As at March 31, 2020	As at March 31, 2019
Taro Pharmaceutical Industries Ltd. and its subsidiaries (TARO Group)	United States of America	Israel	Beneficial ownership	22.90%	23.46%
			Voting power	15.27%	15.64%

* Held by non-controlling interest

₹ in Million

Name of Subsidiary	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
TARO Group	3,856.2	4,862.7	36,474.5	30,992.5
Individually immaterial subsidiaries with non-controlling interests	214.1	561.7	2,127.9	2,142.9
Total	**4,070.3**	**5,424.4**	**38,602.4**	**33,135.4**

The summarised consolidated financial information of TARO Group before inter-company eliminations:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Consolidated balance sheet of TARO Group		
Non-current assets	62,130.2	46,813.3
Current assets	114,436.4	100,615.7
Non-current liabilities	(488.6)	(341.2)
Current liabilities	(16,800.6)	(14,980.2)

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consolidated statement of profit and loss of TARO Group		
Total income	49,279.0	50,823.9
Total expenses	29,137.2	24,992.4
Profit after tax	16,638.9	20,161.1
Total comprehensive income for the year	16,029.9	17,149.2

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Consolidated cash flows information of TARO Group		
Net cash generated from operating activities	22,081.4	23,010.1
Net cash generated from / (used in) investing activities	(21,131.2)	17,986.5
Net cash used in financing activities	(1,843.7)	(41,189.7)

Dividend paid by Taro during the year US$Nil (March 31, 2019: US$500 Million). For repurchase of ordinary shares done by Taro refer note 56.

NOTE : 72

The Board of Directors of the Company at its meeting held on May 25, 2018 and the shareholders and unsecured creditors at its respective meetings held on June 04, 2019 had approved the Composite Scheme of Arrangement between the Company, Sun Pharma (Netherlands) B.V. and Sun Pharmaceutical Holdings USA Inc. (both being wholly owned subsidiaries of the Company) which inter-alia, envisaged spin-off w.e.f. April 01, 2017 of the specified investment undertaking 1 and 2 (as defined in the scheme of Arrangement) of the Company. On December 19, 2019, the Hon'ble National Company Law Tribunal, Ahmedabad Bench, on interpretation ground that an outbound Demerger is not envisaged under Section 234 of Companies Act, 2013, did not allow the Company's petition for the said Composite Scheme of Arrangement. Hence no effect of the said scheme of Arrangement has been given in the consolidated financial statements.

NOTE : 73

The Board of Directors at its meeting held on March 17, 2020 has approved the buy-back by the Company of its equity shares from the open market through stock exchange mechanism as prescribed under Buy-back regulations at the maximum price of ₹425.0 per share for an aggregate maximum amount of ₹17,000.0 Million.

NOTE : 74 RELATED PARTY DISCLOSURES (IND AS-24) - AS PER ANNEXURE 'B'.

NOTE : 75 BUSINESS COMBINATIONS

Pola Pharma Inc., Japan became a step down subsidiary of the Company with effect from January 01, 2019. Accordingly current year numbers includes Pola Pharma Inc. for the full year and hence are not comparable to the previous year numbers.

The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹228.0 Million.

The Company had recognised total assets of ₹7,667.1 Million, liabilities of ₹4,264.9 Million and capital reserve of ₹3,174.2 Million in the previous year on a provisional basis in accordance with Ind AS 103. During the current year, the Company has not obtained any additional information which could lead to any change.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

NOTE :76 USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

a) Litigations (Refer note 2 (n) and note 39)

b) Revenue (Refer note 2 (o))

c) Impairment of goodwill and intangible assets (Refer note 2 (g), (h) and 47)

NOTE : 77

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has issued listed unsecured commercial paper during the year.

(a) Credit Rating and change in credit rating, if any:

Name of Credit Rating Agency	Rating
CRISIL	CRISIL A1+
ICRA	ICRA A1+

(b) Ratios and Formulae

	As at March 31, 2020	As at March 31, 2019
(i) Debt Equity Ratio = (Long-term Borrowings + Short-term Borrowings + current maturities of long term borrowings) / (Total Equity)	0.18	0.25
(ii) Debt Service Coverage Ratio = Earnings before Finance Costs, Exceptional Item and Tax / (Finance Costs + Principal Repayment for borrowings made during the period)	0.40	0.32
(iii) Interest Service Coverage Ratio = Earnings before Finance Costs, Exceptional Item and Tax / Finance Costs	20.09	10.36
(iv) Asset cover = Total Assets - Intangible Assets - Current Liabilities excluding Short-term Borrowings and current maturities of Long-term Borrowings) / (Long-term Borrowings + Short-term Borrowings + current maturities of long term borrowing).	5.76	4.24

Note : The above borrowings and interest payments do not include payment related to leases

Alternative Ratios and Formulae

	As at March 31, 2020	As at March 31, 2019
(i) Debt service coverage ratio = Earnings before finance costs, depreciation and exceptional item / (Finance costs + Short-term borrowings + Current maturities of long-term borrowings)	1.05	0.71
(ii) Debt service coverage ratio = Earnings before finance costs, exceptional item and Tax / (Finance costs + Principal repayment for long term borrowings made during the period)	5.05	4.84

Note : The above borrowings and interest payments do not include payment related to leases.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(c) Details of due dates and actual dates and amounts of repayment of listed unsecured commercial paper:

₹ in Million

ISIN No	Due Date of Payment	Actual Date of Repayment	Redemption Amount
INE044A14534	17-Feb-20	17-Feb-20	5,000.0
INE044A14559	18-Mar-20	18-Mar-20	8,000.0
INE044A14542	11-May-20	N/A	5,000.0
INE044A14567	17-Jun-20	N/A	5,000.0

(d) Capital Redemption Reserve and Net worth

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Redemption Reserve	7.5	7.5
Net worth	448,919.0	410,365.1

NOTE : 78

Figures for previous periods have been regrouped / reclassified wherever considered necessary.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

per PAUL ALVARES
Partner
Membership No. : 105754
Pune, May 27, 2020

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 27, 2020

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities 2019-20		Share in profit or (loss) 2019-20		Share in other comprehensive income (OCI) 2019-20		Share in total comprehensive income (TCI) 2019-20	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
Parent Entity - Sun Pharmaceutical Industries Limited		49.7	243,962.2	85.3	32,111.4	(4.4)	(808.0)	55.8	31,303.4
Subsidiaries									
Indian									
1	Green Eco Development Centre Limited	(0.0)	(0.0)	(0.0)	(0.9)	-	-	(0.0)	(0.9)
2	Sun Pharma Laboratories Limited	41.8	205,218.3	43.1	16,217.3	(0.5)	(84.7)	28.8	16,132.6
3	Faststone Mercantile Company Private Limited	0.0	13.0	0.0	0.3	-	-	0.0	0.3
4	Neetnav Real Estate Private Limited	0.6	2,922.4	0.0	1.1	-	-	0.0	1.1
5	Realstone Multitrade Private Limited	0.0	12.1	0.0	0.3	-	-	0.0	0.3
6	Skisen Labs Private Limited	(0.0)	(0.2)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
7	Softdeal Trading Company Private Limited	0.0	11.1	(0.0)	(0.1)	-	-	(0.0)	(0.1)
8	Universal Enterprises Private Limited	0.0	5.2	(0.0)	(0.1)	-	-	(0.0)	(0.1)
9	Realstone Infra Limited	0.0	2.2	(0.0)	(0.3)	-	-	(0.0)	(0.3)
10	Sun Pharmaceutical Medicare Limited	(0.4)	(1,881.4)	(3.7)	(1,396.3)	(0.0)	(0.4)	(2.5)	(1,396.7)
11	Zenotech Laboratories Limited	0.3	1,278.3	(0.2)	(72.5)	0.0	0.5	(0.1)	(72.0)
12	Sun Pharma Distributors Limited	0.1	674.8	1.8	674.4	(0.0)	(1.0)	1.2	673.4
13	Caraco Pharmaceuticals Private Limited	(0.0)	(0.1)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
Foreign									
1	Sun Pharmaceutical (Bangladesh) Limited	0.4	1,806.0	0.8	287.6	-	-	0.5	287.6
2	Sun Farmaceutica Do Brasil Ltda.	(0.5)	(2,670.2)	(1.9)	(698.0)	-	-	(1.2)	(698.0)
3	Sun Pharma De Mexico S.A. DE C.V.	0.2	961.9	0.3	130.3	-	-	0.2	130.3
4	SPIL De Mexico S.A. DE C.V.	0.0	0.2	-	-	-	-	-	-
5	Sun Pharmaceutical Peru S.A.C.	(0.0)	(173.6)	(0.0)	(5.8)	-	-	(0.0)	(5.8)
6	OOO "Sun Pharmaceutical Industries" Limited	(0.0)	(222.7)	(0.1)	(43.9)	-	-	(0.1)	(43.9)
7	Sun Pharma De Venezuela, C.A.	(0.0)	(0.0)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
8	Sun Pharma France (Formerly known as Ranbaxy Pharmacie Generiques)	(0.6)	(2,906.5)	(0.6)	(235.3)	-	-	(0.4)	(235.3)
9	Ranbaxy (Malaysia) SDN. BHD.	0.2	972.5	1.4	545.1	-	-	1.0	545.1
10	Ranbaxy Nigeria Limited	(0.1)	(385.5)	(1.3)	(504.4)	-	-	(0.9)	(504.4)
11	Sun Pharma (Netherlands) B.V	13.4	65,582.0	8.4	3,148.9	4.3	765.2	7.0	3,914.1
12	Alkaloida Chemical Company Zrt.	10.6	52,284.9	0.9	344.1	-	-	0.6	344.1

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2019-20		2019-20		2019-20		2019-20	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
13	Sun Pharmaceutical Industries (Australia) Pty Limited	0.1	715.2	(1.1)	(396.0)	-	-	(0.7)	(396.0)
14	Aditya Acquisition Company Ltd.	0.0	10.7	(0.0)	(5.5)	-	-	(0.0)	(5.5)
15	Sun Pharmaceutical Industries (Europe) B.V.	0.0	38.7	0.1	28.6	-	-	0.1	28.6
16	Sun Pharmaceuticals Germany GmbH	(0.0)	(137.1)	0.1	51.0	-	-	0.1	51.0
17	Sun Pharmaceuticals France	(0.0)	(50.1)	(0.1)	(20.3)	-	-	(0.0)	(20.3)
18	Sun Pharma Global FZE (Consolidated with a Joint venture)	13.4	66,062.3	(88.3)	(33,239.4)*	(12.8)	(2,368.2)	(63.5)	(35,607.6)*
19	Sun Pharmaceuticals SA (Pty) Ltd.	0.0	1.0	0.0	1.2	-	-	0.0	1.2
20	Sun Pharma Philippines, Inc.	(0.1)	(545.2)	0.0	18.4	-	-	0.0	18.4
21	Sun Pharmaceuticals Korea Ltd.	0.0	3.9	(0.0)	(0.4)	-	-	(0.0)	(0.4)
22	Sun Global Development FZE	-	-	0.0	16.2	-	-	0.0	16.2
23	Sun Pharma Japan Ltd. (Consolidated with its Subsidiary)	0.6	2,730.6	0.7	261.8	-	-	0.5	261.8
24	Sun Pharma HealthCare FZE	-	-	0.0	2.2	-	-	0.0	2.2
25	Sun Laboratories FZE	(0.1)	(712.3)	(1.4)	(518.8)	-	-	(0.9)	(518.8)
26	Taro Pharmaceutical Industries Ltd. (TARO) (Consolidated with its Subsidiaries)	32.4	159,277.4	44.2	16,638.9	(3.3)	(609.0)	28.6	16,029.9
27	Sun Pharma Switzerland Ltd.	0.0	9.3	(0.0)	(1.7)	-	-	(0.0)	(1.7)
28	Sun Pharma Holdings	48.2	236,744.7	(0.1)	(41.9)	-	-	(0.1)	(41.9)
29	Sun Pharma East Africa Limited	(0.0)	(140.4)	0.0	14.1	-	-	0.0	14.1
30	Sun Pharma ANZ Pty Ltd	(0.0)	(130.4)	0.3	124.4	-	-	0.2	124.4
31	Ranbaxy Farmaceutica Ltda.	(0.3)	(1,379.3)	(1.1)	(397.4)	-	-	(0.7)	(397.4)
32	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	0.0	209.0	(0.1)	(47.8)	-	-	(0.1)	(47.8)
33	Sun Pharma Egypt Ltd LLC	0.0	236.1	(0.1)	(51.5)	-	-	(0.1)	(51.5)
34	Rexcel Egypt LLC	(0.0)	(23.0)	(0.0)	(2.6)	-	-	(0.0)	(2.6)
35	Office Pharmaceutique Industriel Et Hospitalier	0.0	103.9	0.0	1.0	-	-	0.0	1.0
36	Basics GmbH	0.2	1,173.2	0.1	55.3	-	-	0.1	55.3
37	Ranbaxy Ireland Limited	0.1	577.1	(0.0)	(3.8)	-	-	(0.0)	(3.8)
38	Ranbaxy Italia S.P.A.	0.0	29.3	0.0	16.4	-	-	0.0	16.4
39	Sun Pharmaceutical Industries S.A.C.	(0.0)	(167.0)	0.0	12.7	-	-	0.0	12.7
40	Ranbaxy (Poland) SP. Z O.O.	0.0	221.5	0.0	17.1	-	-	0.0	17.1
41	Terapia SA	1.2	5,727.0	6.7	2,523.2	0.0	1.3	4.5	2,524.5
42	AO Ranbaxy	0.2	1,117.3	0.1	38.9	-	-	0.1	38.9
43	JSC Biosintez	0.1	514.4	(0.6)	(221.8)	-	-	(0.4)	(221.8)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2019-20		2019-20		2019-20		2019-20	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
44	Ranbaxy South Africa (Pty) Ltd. (Consolidated with its Subsidiary)	0.2	761.9	0.0	4.4	-	-	0.0	4.4
45	Ranbaxy Pharmaceuticals (Pty) Ltd.	0.3	1,656.2	0.5	177.9	-	-	0.3	177.9
46	Sun Pharma Laboratorios,S.L.U. (Formerly known as Laboratorios Ranbaxy, S.L.U.)	0.1	504.6	0.2	57.1	-	-	0.1	57.1
47	Ranbaxy (U.K.) Limited	0.3	1,531.4	0.2	69.1	-	-	0.1	69.1
48	Ranbaxy Holdings (U.K.) Limited	0.6	2,868.0	(0.0)	(0.6)	-	-	(0.0)	(0.6)
49	Sun Pharmaceutical Holding USA Inc (Consolidated with its Subsidiaries and its Associate)	14.6	71,713.8	20.8	7,815.3#	2.8	522.1	14.9	8,337.4#
50	Ranbaxy (Thailand) Co., Ltd.	0.0	213.3	(0.0)	(18.4)	-	-	(0.0)	(18.4)
51	Sun Pharmaceuticals Morocco LLC	0.0	14.3	0.2	60.8	-	-	0.1	60.8
52	"Ranbaxy Pharmaceuticals Ukraine" LLC	0.1	293.4	0.1	29.5	-	-	0.1	29.5
53	Pola Pharma Inc. (Consolidated with its Subsidiary)	-	-	2.0	737.5	-	-	1.3	737.5
	Non controlling interest in all subsidiaries	7.9	38,602.4	(10.8)	(4,070.3)	(15.1)	(2,789.2)	(12.2)	(6,859.5)
	Intercompany Elimination and Consolidation Adjustments	(135.7)	(666,597.1)	(6.7)	(2,588.5)	129.2	23,790.5	37.8	21,202.0
	Total	**100.0**	**491,246.9**	**100.0**	**37,649.3**	**100.0**	**18,419.1**	**100.0**	**56,068.4**

Includes share of loss and share of TCI, from its associate of ₹247.8 Million

* Includes share of loss and share of TCI, from a joint venture of ₹10.0 Million

Note: The above amounts / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries, associates and joint ventures are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2018-19		2018-19		2018-19		2018-19	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
Parent Entity - Sun Pharmaceutical Industries Limited		51.1	228,436.1	30.7	8,166.0	11.9	1,837.4	23.8	10,003.4
Subsidiaries									
Indian									
1	Green Eco Development Centre Limited	0.0	0.9	(0.0)	(0.6)	-	-	(0.0)	(0.6)
2	Sun Pharma Laboratories Limited	43.5	194,396.9	12.3	3,280.9	0.2	36.1	7.9	3,317.0
3	Faststone Mercantile Company Private Limited	0.0	12.7	0.0	1.2	-	-	0.0	1.2
4	Neetnav Real Estate Private Limited	0.7	2,921.3	0.0	0.5	-	-	0.0	0.5
5	Realstone Multitrade Private Limited	0.0	11.8	0.0	0.3	-	-	0.0	0.3
6	Skisen Labs Private Limited	(0.0)	(0.1)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
7	Softdeal Trading Company Private Limited	0.0	11.2	0.0	0.3	-	-	0.0	0.3
8	Universal Enterprises Private Limited	0.0	5.3	(0.0)	(0.0)	-	-	(0.0)	(0.0)
9	Sun Pharmaceutical Medicare Limited	(0.1)	(484.7)	(1.5)	(402.1)	0.0	1.3	(1.0)	(400.8)
10	Zenotech Laboratories Limited	0.3	1,350.3	(0.8)	(203.1)	0.0	0.1	(0.5)	(203.0)
11	Sun Pharma Distributors Limited	0.0	1.4	(0.0)	(0.1)	-	-	(0.0)	(0.1)
12	Caraco Pharmaceuticals Private Limited	(0.0)	(0.1)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
Foreign									
1	Sun Pharmaceutical (Bangladesh) Limited	0.3	1,385.7	0.9	236.6	-	-	0.6	236.6
2	Sun Farmaceutica Do Brasil Ltda.	(0.6)	(2,476.3)	(1.6)	(413.9)	-	-	(1.0)	(413.9)
3	Sun Pharma De Mexico S.A. DE C.V.	0.2	964.5	0.9	238.1	-	-	0.6	238.1
4	SPIL De Mexico S.A. DE C.V.	0.0	0.2	-	-	-	-	-	-
5	Sun Pharmaceutical Peru S.A.C.	(0.0)	(158.9)	(0.0)	(4.6)	-	-	(0.0)	(4.6)
6	OOO "Sun Pharmaceutical Industries" Limited	(0.0)	(203.6)	(0.1)	(25.9)	-	-	(0.1)	(25.9)
7	Sun Pharma De Venezuela, C.A.	0.0	0.0	(0.0)	(7.9)	-	-	(0.0)	(7.9)
8	Ranbaxy Pharmacie Generiques	(0.6)	(2,482.5)	(1.4)	(382.5)	-	-	(0.9)	(382.5)
9	Ranbaxy (Malaysia) SDN. BHD.	0.3	1,412.0	2.0	535.8	-	-	1.3	535.8
10	Ranbaxy Nigeria Limited	0.0	73.7	(0.6)	(158.5)	-	-	(0.4)	(158.5)
11	Sun Pharma (Netherlands) B.V (Formerly Ranbaxy (Netherlands) B.V.)	13.5	60,425.2	27.9	7,447.3	7.8	1,191.2	20.5	8,638.5
12	Alkaloida Chemical Company Zrt.	10.6	47,552.6	81.8	21,811.6	-	-	51.9	21,811.6
13	Sun Pharmaceuticals UK Limited	-	-	(0.0)	(0.0)	-	-	(0.0)	(0.0)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2018-19		2018-19		2018-19		2018-19	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
14	Sun Pharmaceutical Industries (Australia) Pty Limited	0.3	1,168.3	(1.2)	(331.3)	-	-	(0.8)	(331.3)
15	Aditya Acquisition Company Ltd.	0.0	14.7	0.0	2.4	-	-	0.0	2.4
16	Sun Pharmaceutical Industries (Europe) B.V.	0.0	4.1	0.3	71.6	-	-	0.2	71.6
17	Sun Pharmaceuticals Italia S.R.L.	0.0	43.0	(0.0)	(3.2)	-	-	(0.0)	(3.2)
18	Sun Pharmaceuticals Germany GmbH	(0.0)	(178.5)	0.1	22.0	-	-	0.1	22.0
19	Sun Pharmaceuticals France	(0.0)	(27.0)	(0.0)	(3.4)	-	-	(0.0)	(3.4)
20	Sun Pharma Global FZE (Consolidated with a Joint venture)	21.3	95,214.0	(23.9)	(6,362.9)*	(6.5)	(1,010.3)	(17.5)	(7,373.2)*
21	Sun Pharmaceuticals SA (Pty) Ltd.	(0.0)	(0.0)	(0.0)	(0.0)	-	-	(0.0)	(0.0)
22	Sun Global Canada Pty. Ltd.	(0.0)	(1.5)	(0.0)	(0.1)	-	-	(0.0)	(0.1)
23	Sun Pharma Philippines, Inc.	(0.1)	(502.8)	(0.1)	(34.3)	-	-	(0.1)	(34.3)
24	Sun Pharmaceuticals Korea Ltd.	0.0	4.2	(0.0)	(0.2)	-	-	(0.0)	(0.2)
25	Sun Global Development FZE	(0.0)	(15.5)	(0.8)	(201.7)	-	-	(0.5)	(201.7)
26	Sun Pharma Japan Ltd.	(0.5)	(2,015.8)	(1.9)	(516.8)	-	-	(1.2)	(516.8)
27	Sun Pharma HealthCare FZE	0.0	198.9	0.0	3.8	-	-	0.0	3.8
28	Sun Laboratories FZE	(0.0)	(150.3)	0.5	125.2	-	-	0.3	125.2
29	Taro Pharmaceutical Industries Ltd. (TARO) (Consolidated with its Subsidiaries)	29.5	132,107.7	75.6	20,161.1	(19.6)	(3,012.0)	40.8	17,149.1
30	Alkaloida Sweden AB	0.0	0.6	0.0	0.5	-	-	0.0	0.5
31	Sun Pharma Switzerland Ltd.	0.0	4.9	0.0	8.2	-	-	0.0	8.2
32	Sun Pharma Holdings	48.5	217,084.2	0.0	5.0	-	-	0.0	5.0
33	Sun Pharma East Africa Limited	(0.0)	(147.0)	0.0	12.6	-	-	0.0	12.6
34	Sun Pharma ANZ Pty Ltd	(0.1)	(264.6)	0.3	81.4	-	-	0.2	81.4
35	Ranbaxy Farmaceutica Ltda.	(0.3)	(1,234.4)	(0.9)	(243.1)	-	-	(0.6)	(243.1)
36	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	0.1	251.7	(0.1)	(34.9)	-	-	(0.1)	(34.9)
37	Sun Pharma Egypt Ltd LLC (Formerly known as Ranbaxy Egypt Ltd)	0.1	247.9	(0.6)	(165.1)	-	-	(0.4)	(165.1)
38	Rexcel Egypt LLC	(0.0)	(24.1)	(0.0)	(3.7)	-	-	(0.0)	(3.7)
39	Office Pharmaceutique Industriel Et Hospitalier	0.0	96.1	0.0	6.2	-	-	0.0	6.2
40	Basics GmbH	0.2	1,041.8	0.2	59.9	-	-	0.1	59.9
41	Ranbaxy GmbH	0.0	1.9	-	-	-	-	-	-
42	Ranbaxy Ireland Limited	0.1	543.0	(0.0)	(7.1)	-	-	(0.0)	(7.1)
43	Ranbaxy Italia S.P.A.	0.0	11.8	0.0	12.6	-	-	0.0	12.6

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

(Annexure 'A')

Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		2018-19		2018-19		2018-19		2018-19	
		As % of consolidated net assets	₹ in Million	As % of consolidated profit or (loss)	₹ in Million	As % of consolidated OCI	₹ in Million	As % of consolidated TCI	₹ in Million
44	Sun Pharmaceutical Industries S.A.C.	(0.0)	(170.9)	(0.2)	(41.5)	-	-	(0.1)	(41.5)
45	Ranbaxy (Poland) SP. Z O.O.	0.0	202.5	0.1	19.7	-	-	0.0	19.7
46	Terapia SA	1.7	7,821.8	10.0	2,655.9	(0.0)	(1.3)	6.3	2,654.6
47	AO Ranbaxy	0.3	1,208.0	0.9	232.7	-	-	0.6	232.7
48	JSC Biosintez	0.2	788.6	(0.6)	(151.9)	-	-	(0.4)	(151.9)
49	Ranbaxy South Africa (Pty) Ltd. (Consolidated with its Subsidiary)	0.2	854.5	(0.4)	(99.9)	-	-	(0.2)	(99.9)
50	Ranbaxy Pharmaceuticals (Pty) Ltd.	0.4	1,702.3	0.7	178.1	-	-	0.4	178.1
51	Be- Tabs Investments (Pty) Ltd.	-	-	(0.0)	(0.0)	-	-	(0.0)	(0.0)
52	Laboratorios Ranbaxy, S.L.U.	0.1	415.5	0.3	77.4	-	-	0.2	77.4
53	Ranbaxy (U.K.) Limited	0.3	1,414.1	0.2	60.1	-	-	0.1	60.1
54	Ranbaxy Holdings (U.K.) Limited	0.6	2,775.3	0.0	0.6	-	-	0.0	0.6
55	Ranbaxy Europe Limited	-	-	(0.0)	(0.0)	-	-	(0.0)	(0.0)
56	Sun Pharmaceutical Holding USA Inc (Consolidated with its Subsidiaries and its Associate)	12.9	57,593.1	21.5	5,741.5#	(1.5)	(230.9)	13.1	5,510.6#
57	Ranbaxy (Thailand) Co., Ltd.	0.0	219.1	0.0	3.2	-	-	0.0	3.2
58	Sun Pharmaceuticals Morocco LLC	(0.0)	(39.8)	0.1	33.5	-	-	0.1	33.5
59	"Ranbaxy Pharmaceuticals Ukraine" LLC	0.1	245.8	0.3	82.4	-	-	0.2	82.4
60	Pola Pharma Inc. (Consolidated with its Subsidiary)	0.8	3,514.2	0.6	154.8	-	-	0.4	154.8
	Non controlling interest in all subsidiaries	7.4	33,135.4	(20.4)	(5,424.4)	(9.1)	(1,400.0)	(16.2)	(6,824.4)
	Intercompany Elimination and Consolidation Adjustments	(143.3)	(641,086.2)	(111.1)	(29,652.0)	116.8	17,988.3	(27.7)	(11,663.7)
	Total	**100.0**	**447,226.0**	**100.0**	**26,654.2**	**100.0**	**15,399.9**	**100.0**	**42,054.1**

Includes share of loss and share of TCI, from its associate of ₹140.5 Million

* Includes share of loss and share of TCI, from a joint venture of ₹7.5 Million

Note: The above amounts / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries, associates and joint ventures are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2020

(Annexure 'B')

Ind AS- 24 - " Related Party Disclosures "

Names of related parties where there are transactions and description of relationships

a	**Key Management Personnel (KMP)**	
	Dilip Shantilal Shanghvi	Managing Director (DIN: 00005588)
	Sudhir Vrundavandas Valia	Non-Executive Director (Designation changed from Whole-time Director to Non-Executive Director on May 29, 2019) and Non-Independent Director (DIN : 00005561)
	Sailesh Trambaklal Desai	Wholetime Director (DIN: 00005443)
	Israel Makov	Chairman and Non- Executive Director (Non- Independent) (DIN : 05299764)
	Kalyanasundaram Iyer Natesan Subramanian	Wholetime Director (DIN : 00179072)
b	**Relatives of Key Management Personnel**	
	Aalok Shanghvi	
	Vidhi Shanghvi	
c	**Others (Entities in which the KMP and relatives of KMP have control or significant influence)**	
	Aditya Medisales Limited	
	Alfa Infraprop Private Limited	
	Asepco Solutions Private Limited	
	Dhendai Tea and Industries Private Limited	
	Fortune Integrated Assets Finance Limited	
	Makov Associates Limited	
	PV Power Technologies Private Limited	
	Ramdev Chemicals Private Limited (upto 25.04.2019)	
	Shanghvi Finance Private Limited*	
	Shantilal Shanghvi Foundation	
	Sidmak Laboratories (India) Private Limited	
	Sun Petrochemicals Private Limited	
	Sun Pharma Advanced Research Company Limited.	
	Suraksha Asset Reconstruction Private Limited	
	United Medisales Private Limited	
d	**Joint Venture**	
	Artes Biotechnology GmbH	
e	**Associates**	
	Medinstill LLC	
	Medinstill Development LLC	
	Dr. Py Institute LLC	
f	**Unconsolidated Subsidiary**	
	Foundation for Disease Elimination and Control of India	

* Solares Therapeutic Private Limited and Virtuous Finance Private Limited have been amalgamated with Shanghvi Finance Private Limited w.e.f. October 23, 2018.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(Annexure 'B')

Ind AS- 24 - " Related Party Disclosures "

Details of related party transaction :

₹ In Million

	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods	**202.0**	**309.2**
Others	202.0	309.2
Purchase of property, plant and equipment and other intangible assets	**34.0**	**1,036.9**
Others	34.0	1,035.2
Associates	-	1.7
Acquired on slump sale basis	**629.6**	**-**
Others (Refer note 63)	629.6	-
Revenue from contracts with customers, net of returns	**101.1**	**73,709.0**
Others	101.1	73,709.0
Sale of property, plant and equipment and other intangible assets	**5.3**	**277.4**
Others	5.3	277.4
Receiving of service	**1,433.8**	**1,248.6**
Others	1,388.3	1,144.2
Joint venture	45.5	29.3
Associate	-	75.1
Reimbursement of expenses - Paid	**505.8**	**41.5**
Others	478.8	21.7
Joint venture	-	3.9
Associates	27.0	15.9
Rendering of service	**217.1**	**110.1**
Others	217.1	110.0
Unconsolidated subsidiary	-	0.1
Reimbursement of expenses - Received	**320.5**	**67.8**
Others	320.5	67.8
Loan given	**63.8**	**286.8**
Associate	63.8	286.8
Interest income	**69.2**	**1,530.4**
Others	69.2	1,530.4
Lease rental and hire charges (Income)	**22.8**	**44.3**
Others	22.8	44.3
Rent expense / payment towards lease liabilities	**7.8**	**7.8**
Others	7.8	7.8
Advance given	**-**	**239.6**
Others	-	8.8
Associate	-	230.8
Remuneration/ compensation	**453.3**	**271.3**
Key management personnel	424.2	246.2
Relatives of Key management personnel	29.1	25.1
Donation	**61.4**	**123.8**
Unconsolidated subsidiary	54.3	48.8
Others	7.1	75.0

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(Annexure 'B')

Ind AS- 24 - " Related Party Disclosures "

Balance outstanding as at end of the year

₹ In Million

	As at March 31, 2020	As at March 31, 2019
Receivables	**589.8**	**6,091.6**
Others	589.8	6,091.6
Payables	**447.9**	**355.0**
Others	314.6	225.2
Joint venture (March 31, 2019: ₹48,558)	0.1	0.0
Associates	-	0.9
Key management personnel	133.2	128.0
Relatives of Key management personnel	-	0.9
Security deposit given	**0.5**	**0.5**
Others	0.5	0.5
Loan given	**377.2**	**283.3**
Associate	377.2	283.3
Lease Liability	**73.4**	-
Others	73.4	-
Advance (includes capital and supply of goods/services)	**1,233.8**	**1,156.3**
Others	-	8.7
Associates	1,233.8	1,147.6

Key Management Personnel (KMP) and relatives of KMP who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits'. As these employee benefits are lump sum amount provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to key management personnel and relatives of KMP.

The sales to and purchases from related parties are made on an arm's length basis. Outstanding trade balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 with the Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

₹ in Million

PART "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date of acquisition of subsidiary	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
1	Green Eco Development Centre Limited	12.11.2010	INR	1.00	7.0	(7.0)	1.5	1.5	-	-	(0.9)	-	(0.9)	-	100.00%
2	Sun Pharmaceutical (Bangladesh) Limited	29.03.2001	BDT	0.89	53.3	1,752.7	2,703.9	897.9	-	1,942.6	517.3	213.7	303.6	-	72.50%
3	Sun Pharmaceutical Industries, Inc.	14.06.2011	USD	75.43	-	56,727.1	127,512.5	70,785.4	9,827.8	57,272.4	5,251.7	2,633.2	2,618.5	-	100.00%
4	Sun Farmaceutica do Brasil Ltda.	22.05.2009	BRL	14.52	80.9	(2,753.5)	946.1	3,618.7	-	1,629.5	(600.0)	47.6	(647.6)	-	100.00%
5	Sun Pharma De Mexico S.A. DE C.V.	03.12.2002	MXN	3.15	3.2	977.9	1,056.4	75.3	-	951.3	205.2	58.6	146.6	-	75.00%
6	SPIL De Mexico S.A. DE C.V.	13.02.2002	MXN	3.15	0.2	-	0.2	-	-	-	-	-	-	-	100.00%
7	Sun Pharmaceutical Peru S.A.C.	27.06.2006	PEN	21.94	-	(170.5)	0.3	170.8	-	-	1.7	-	1.7	-	99.33%
8	OOO "Sun Pharmaceutical Industries" Limited	12.11.2007	RUB	0.96	-	(159.4)	20.2	179.6	-	-	8.1	2.5	5.6	-	100.00%
9	Sun Pharma De Venezuela, C.A.	06.11.2011	VES	0.00	-	-	-	-	-	-	-	-	-	-	100.00%
10	Chattem Chemicals Inc.	24.11.2008	USD	75.43	2,597.3	1,277.5	3,956.6	81.8	-	2,190.0	434.9	145.0	289.9	-	100.00%
11	The Taro Development Corporation	20.09.2010	USD	75.43	-	8,855.2	8,787.6	(67.6)	-	-	(8,324.1)	(1,995.4)	(6,328.7)	-	100.00%
12	Alkaloida Chemical Company Zrt.	05.08.2005	USD	75.43	6,732.9	45,552.5	52,893.1	607.7	339.4	2,824.7	399.8	31.0	368.8	-	99.99%
13	Sun Pharmaceutical Industries (Australia) Pty Limited	11.03.2008	AUD	46.49	3,237.6	(2,522.3)	6,863.0	6,147.7	-	4,125.2	(395.0)	-	(395.0)	-	100.00%
14	Aditya Acquisition Company Ltd.	22.04.2007	ILS	21.21	-	10.9	17.1	6.2	-	22.8	(3.9)	1.5	(5.4)	-	100.00%
15	Sun Pharmaceutical Industries (Europe) B.V.	29.06.2007	EURO	82.93	1.5	31.5	1,441.6	1,408.6	-	2,893.2	37.3	8.0	29.3	-	100.00%
16	Sun Pharmaceuticals Germany GmbH	11.08.2008	EURO	82.93	2.1	(146.0)	1,670.1	1,814.0	-	2,266.1	27.7	9.1	18.6	-	100.00%
17	Sun Pharmaceuticals France	10.02.2009	EURO	82.93	3.1	6.9	11.4	1.4	-	8.8	38.9	-	38.9	-	100.00%
18	Sun Pharma Global FZE	25.11.2008	USD	75.43	311.1	65,751.4	109,870.6	43,808.1	3,405.2	12,819.9	(35,347.7)	-	(35,347.7)	-	100.00%
19	Sun Pharmaceuticals SA (Pty) Ltd	22.10.2008	ZAR	4.19	-	0.8	159.5	158.7	-	57.8	1.4	0.4	1.0	-	100.00%
20	Sun Laboratories FZE	13.03.2011	USD	75.43	924.1	(1,605.9)	24,683.8	25,365.6	-	8,513.0	(517.7)	-	(517.7)	-	100.00%
21	Sun Pharma Japan Ltd.	01.03.2012	JPY	0.70	109.9	1,576.9	7,579.9	5,893.1	-	2,283.6	(553.0)	114.1	(667.1)	-	100.00%
22	Sun Pharma Philippines, Inc.	08.12.2011	PHP	1.48	12.8	(556.8)	380.7	924.7	-	506.0	29.3	4.9	24.4	-	100.00%
23	Sun Pharmaceuticals Korea Ltd.	20.09.2011	KRW	0.06	6.2	(2.4)	6.2	2.4	-	-	(0.4)	-	(0.4)	-	100.00%
24	Caraco Pharmaceuticals Private Limited	12.01.2012	INR	1.00	0.1	(0.2)	-	0.1	-	-	(0.1)	-	(0.1)	-	100.00%
25	Sun Pharma Laboratories Limited	09.03.2012	INR	1.00	400.5	204,817.8	221,472.5	16,254.2	695.9	68,541.1	19,013.5	2,796.2	16,217.3	-	100.00%
26	Morley & Company, Inc.	05.05.1983	USD	75.43	0.2	2.9	3.1	-	-	-	(2.8)	(0.7)	(2.1)	-	100.00%
27	Taro Pharmaceutical Industries Ltd. (Taro)	20.09.2010	USD	75.43	51.3	158,643.1	163,340.5	4,646.1	7,440.9	19,185.2	18,582.5	159.4	18,423.1	-	77.10%
28	Taro Pharmaceuticals Inc.	20.09.2010	USD	75.43	28,105.8	107,666.6	140,963.0	5,190.6	71,566.4	26,839.7	15,902.9	4,219.2	11,683.7	-	77.10%
29	Taro Pharmaceuticals U.S.A., Inc.	20.09.2010	USD	75.43	10.9	(451.3)	35,249.4	35,689.8	573.1	36,533.0	553.7	(192.8)	746.5	-	77.10%
30	Taro Pharmaceuticals North America, Inc.	20.09.2010	USD	75.43	-	28,110.9	28,111.0	0.1	-	-	(1.0)	-	(1.0)	-	77.10%
31	Taro Pharmaceuticals Europe B.V.	20.09.2010	EURO	82.93	1.5	0.2	4.8	3.1	-	-	0.3	-	0.3	-	77.10%
32	Taro International Ltd.	20.09.2010	USD	75.43	-	1,302.0	1,596.3	294.3	-	2,057.2	350.9	79.9	271.0	-	77.10%
33	Dusa Pharmaceuticals, Inc.	19.12.2012	USD	75.43	0.8	11,818.5	15,211.9	3,392.6	-	7,864.0	450.3	(105.5)	555.8	-	100.00%
34	Mutual Pharmaceutical Company Inc.	05.02.2013	USD	75.43	0.1	9,917.2	10,913.7	996.4	-	3,112.8	305.6	160.4	145.2	-	100.00%

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 with the Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

₹ in Million

PART "A": Subsidiaries															
Sr No	Name of the Subsidiary Company	Date of acquisition of subsidiary	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
35	Faststone Mercantile Company Private Limited	01.04.2012	INR	1.00	0.1	12.9	13.0	-	-	-	0.4	0.1	0.3	-	100.00%
36	Neetnav Real Estate Private Limited	01.04.2012	INR	1.00	0.1	2,922.3	3,078.1	155.7	-	1.6	1.5	0.4	1.1	-	100.00%
37	Realstone Multitrade Private Limited	01.04.2012	INR	1.00	0.1	12.0	12.1	-	-	-	0.4	0.1	0.3	-	100.00%
38	Skisen Labs Private Limited	01.04.2012	INR	1.00	163.6	(163.8)	0.1	0.3	0.0	-	(0.1)	-	(0.1)	-	100.00%
39	Softdeal Trading Company Private Limited	01.04.2012	INR	1.00	0.1	11.0	11.1	-	-	-	(0.1)	-	(0.1)	-	100.00%
40	Universal Enterprises Private Limited	31.08.2012	INR	1.00	4.5	0.8	8.3	3.0	-	-	(0.1)	-	(0.1)	-	100.00%
41	Sun Pharma Switzerland Ltd.	10.06.2013	CHF	78.24	7.8	1.5	10.9	1.6	-	40.8	(1.7)	-	(1.7)	-	100.00%
42	Sun Pharma Holdings	06.08.2015	USD	75.43	258,034.2	(21,432.8)	237,520.7	919.3	-	-	(44.5)	-	(44.5)	-	100.00%
43	Pharmalucence, Inc.	15.07.2014	USD	75.43	-	7,296.1	9,110.6	1,814.5	-	3,015.6	846.2	44.2	802.0	-	100.00%
44	PI Real Estate Ventures, LLC	15.07.2014	USD	75.43	-	2,417.8	1,318.4	(1,099.4)	-	226.3	172.1	-	172.1	-	100.00%
45	Sun Pharma East Africa Limited	13.06.2014	KES	0.72	0.1	(99.4)	411.1	510.4	-	536.0	17.8	6.7	11.1	-	100.00%
46	Basics GmbH	24.03.2015	EURO	82.93	404.3	503.9	8,055.3	7,147.1	-	3,840.1	77.6	24.8	52.8	-	100.00%
47	"Ranbaxy Pharmaceuticals Ukraine" LLC	24.03.2015	UAH	2.74	109.3	194.2	417.8	114.3	-	1,015.8	68.9	12.6	56.3	-	100.00%
48	Sun Pharmaceuticals Morocco LLC	24.03.2015	MAD	7.48	91.5	(88.5)	2,105.2	2,102.2	-	1,554.9	84.3	39.4	44.9	-	100.00%
49	Sun Pharmaceutical Industries S.A.C.	24.03.2015	PEN	21.94	95.3	(257.6)	523.8	686.1	-	596.0	17.5	-	17.5	-	100.00%
50	Ranbaxy Holdings (U.K.) Limited	24.03.2015	GBP	93.02	2,842.3	142.6	2,985.5	0.6	-	-	(0.6)	-	(0.6)	-	100.00%
51	Sun Pharma France (Formerly known as Ranbaxy Pharmacie Generiques)	24.03.2015	EURO	82.93	2,068.9	(4,973.9)	1,123.8	4,028.8	-	2,242.5	(248.1)	-	(248.1)	-	100.00%
52	Office Pharmaceutique Industriel Et Hospitalier	24.03.2015	EURO	82.93	110.3	(3.1)	252.8	145.6	-	375.5	1.5	-	1.5	-	100.00%
53	Ranbaxy Italia S.P.A.	24.03.2015	EURO	82.93	4.1	27.7	1,887.2	1,855.4	-	2,640.0	39.1	22.2	16.9	-	100.00%
54	Ranbaxy Pharmaceuticals (Pty) Ltd	24.03.2015	ZAR	4.19	838.0	809.4	2,778.8	1,131.4	-	3,912.1	162.2	-	162.2	-	100.00%
55	Ranbaxy South Africa (Pty) Ltd	24.03.2015	ZAR	4.19	73.4	882.5	1,953.7	997.8	-	3,387.0	72.7	21.0	51.7	-	100.00%
56	Sun Pharma Egypt Limited LLC (Formerly known as Ranbaxy Egypt Ltd)	24.03.2015	EGP	4.77	628.9	(368.7)	646.4	386.2	-	484.9	(61.6)	(18.1)	(43.5)	-	100.00%
57	Rexcel Egypt LLC	24.03.2015	EGP	4.77	10.0	(33.0)	6.0	29.0	-	-	(2.9)	-	(2.9)	-	100.00%
58	Ranbaxy (U.K.) Limited	24.03.2015	GBP	93.02	2,023.2	(491.4)	2,781.6	1,249.8	-	2,780.8	91.1	20.9	70.2	-	100.00%
59	Ranbaxy (Poland) SP. Z O.O.	24.03.2015	PLN	18.19	78.0	143.0	316.4	95.4	-	563.5	26.4	8.0	18.4	-	100.00%
60	Ranbaxy Nigeria Limited	24.03.2015	NGN	0.21	8.3	(383.6)	1,819.7	2,195.0	-	1,171.0	(264.4)	5.9	(270.3)	-	86.16%
61	Ranbaxy (Thailand) Co., Ltd.	24.03.2015	THB	2.30	264.2	(51.0)	1,037.3	824.1	-	1,678.9	(18.0)	-	(18.0)	-	100.00%
62	Ohm Laboratories, Inc.	24.03.2015	USD	75.43	18.0	2,888.7	10,467.5	7,560.8	-	11,468.2	(1,358.1)	(51.4)	(1,306.7)	-	100.00%
63	Ranbaxy Signature LLC	24.03.2015	USD	75.43	-	992.4	992.4	-	-	539.0	307.2	-	307.2	-	67.50%
64	Ranbaxy Inc.	24.03.2015	USD	75.43	980.6	2,896.7	4,432.9	555.6	-	-	(1,238.3)	42.3	(1,280.6)	-	100.00%
65	Ranbaxy Ireland Limited	24.03.2015	EURO	82.93	589.7	(12.6)	577.2	0.1	-	-	(3.3)	-	(3.3)	-	100.00%
66	AO Ranbaxy	24.03.2015	RUB	0.96	157.0	988.6	5,722.4	4,576.8	-	4,820.9	9.9	7.9	2.0	-	100.00%

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 with the Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

₹ in Million

PART "A": Subsidiaries

Sr No	Name of the Subsidiary Company	Date of acquisition of subsidiary	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
67	Sun Pharma Laboratorios, S.L.U (formerly Laboratorios Ranbaxy, S.L.U.)	24.03.2015	EURO	82.93	82.9	428.6	1,478.4	966.9	-	2,442.6	60.2	-	60.2	-	100.00%
68	Ranbaxy (Malaysia) SDN. BHD.	24.03.2015	MYR	17.48	145.1	827.2	2,082.1	1,109.8	-	2,887.2	741.0	179.2	561.8	-	95.67%
69	Ranbaxy Farmaceutica Ltda.	24.03.2015	BRL	14.52	252.2	(1,633.5)	1,703.5	3,084.8	-	1,958.3	(328.2)	43.2	(371.4)	-	100.00%
70	Sun Pharma ANZ Pty Ltd	24.03.2015	AUD	46.49	808.9	(939.3)	1,537.9	1,668.3	-	2,226.6	121.4	-	121.4	-	100.00%
71	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	24.03.2015	CAD	53.19	119.7	89.3	1,003.6	794.6	-	1,319.1	(51.4)	-	(51.4)	-	100.00%
72	Terapia SA	24.03.2015	RON	17.15	428.7	6,283.3	11,929.9	5,217.9	-	13,132.9	2,853.5	375.3	2,478.2	-	96.81%
73	Sun Pharma (Netherlands) B.V. (Formerly known as Ranbaxy (Netherlands) B.V.)	24.03.2015	USD	75.43	45,381.0	20,201.1	66,162.3	580.2	3,180.8	6,440.4	6,040.9	(111.0)	6,151.9	-	100.00%
74	Insite Vision Incorporated	02.11.2015	USD	75.43	-	(443.9)	276.1	720.0	-	681.2	74.6	(26.5)	101.1	-	100.00%
75	JSC Biosintez	19.12.2016	RUB	0.96	0.3	185.7	4,019.8	3,833.8	1.9	2,335.0	46.7	63.1	(16.4)	-	100.00%
76	Sun Pharmaceutical Holdings USA, Inc	18.11.2016	USD	75.43	-	63,997.2	63,997.2	-	-	-	521.1	-	521.1	-	100.00%
77	Foundation for Disease Elimination and Control of India	21.09.2016	INR	1.00	0.1	2.7	3.4	0.6	-	54.3	1.6	-	1.6	-	100.00%
78	Zenotech Laboratories Limited	27.07.2017	INR	1.00	610.3	(114.1)	855.5	359.3	-	259.4	107.8	-	107.8	-	57.56%
79	Sun Pharmaceutical Medicare Limited	16.01.2017	INR	1.00	2.5	(1,883.9)	3,834.1	5,715.5	-	799.2	(1,396.2)	0.1	(1,396.3)	-	100.00%
80	Pola Pharma Inc.	01.01.2019	JPY	0.70	69.6	5,029.4	8,341.7	3,242.7	-	7,714.2	899.1	206.0	693.1	-	100.00%
81	Kayaku Co., Ltd.	01.01.2019	JPY	0.70	76.5	2,025.4	3,532.9	1,431.0	-	4,140.3	3.9	23.4	(19.5)	-	100.00%
82	Sun Pharma Distributors Limited	19.03.2019	INR	1.00	1.5	673.3	22,930.4	22,255.6	-	81,369.9	903.6	229.2	674.4	-	100.00%
83	Realstone Infra Limited	31.01.2020	INR	1.00	2.5	(0.3)	2.5	0.3	-	-	(0.3)	-	(0.3)	-	100.00%

Note:

1 0.0' represents amount less than 0.05 Million and rounded off

2 In respect of entities at Sr. Nos. 5 to 8, 47, 66, 74, 75 and 80 the reporting date is as of December 31, 2019 and different from the reporting date of the Parent Company.

3 Entity at Sr. No. 83 has been incorporated during the year ended March 31, 2020.

4 Foundation for Disease Elimination and Control of India (FDEC), a wholly owned subsidiary incorporated in India on September 21, 2016 by the Company as part of its Corporate Social Responsibility (CSR) initiative, has entered into an MOU with Indian Council of Medical Research (ICMR) and Madhya Pradesh State Government to undertake the Mandla Malaria Elimination Demonstration Project with a goal to eliminate Malaria in the state. FDEC is a Section 8 company not considered for consolidation since it can apply its income for charitable purposes only and can raise funds/contribution independently.

5 Books of accounts and other related records/documents of the overseas subsidiaries of the Zenotech Laboratories Limited were missing and due to non-availability of those records/information, Zenotech Laboratories Limited is unable to prepare consolidated accounts.

6 3 Skyline LLC and One Commerce drive LLC are being consolidated with Taro Pharmaceuticals U.S.A.,Inc.

7 The above does not include Taro Pharmaceutical Laboratories Inc., 2 Independence Way LLC, URL PharmaPro LLC and Dungan Mutual Associates LLC as they have no operation and does not have any Assets, Liabilities or Equity as on the close of their financial year.

8 Pola Pharma Inc. has been merged with Sun Pharma Japan Ltd. with effect from January 01, 2020. Consequently, the numbers against Pola Pharma Inc. are for the period January 01, 2019 to to December 31, 2019.

9 Financial statements of Kayaku Co. Ltd. are for the period January 01, 2019 to March 31, 2020 as it has changed its Financial year end from December to March.

10 With effect from March 27, 2020 Morley & Company, Inc has been merged with The Taro Development Corporation.

11 With effect from January 25, 2019 Sun Global Canada Pty. Ltd. has been dissolved.

12 With effect from February 27, 2020 Sun Global Development FZE has been dissolved.

13 With effect from January 28, 2020 Sun Pharma Healthcare FZE has been dissolved.

14 Sonke Pharmaceuticals Proprietary Limited have been consolidated with Ranbaxy South Africa (Pty) Ltd.

15 With effect from March 16, 2020 Dungan Mutual Associates, LLC and URL PharmPro, LLC has been merged with Mutual Pharmaceutical Company Inc.

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 with the Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

₹ in Million

Part "B": Associate Companies and Joint Venture						
		Joint Venture	Associate			
Sr. No	Name of Associates/Joint Venture	Artes Biotechnology GmbH	Generic Solar Power LLP	Trumpcard Advisors and Finvest LLP	Medinstill LLC	Tarsius Pharma Ltd.
1	Latest Balance Sheet Date	31-Dec-19	31-Mar-20	31-Mar-20	31-Dec-19	31-Dec-19
	Date of acquisition	13.02.2014	09.10.2015	31.03.2017	13.03.2014	10.09.2018
2	Shares of Associate/Joint Ventures held by the company on the year end					
	No.	15,853	28,760	NA	1,999	345,622
	Amount of Investment in Associates/Joint Venture	262.0	0.0	579.0	1,389.2	195.2
	Extend of Holding %	45.00%	28.76%	40.61%	19.99%	18.33%
3	Description of how there is significant influence	NA	NA	NA	NA	NA
4	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest Balance Sheet	51.1	0.0	376.1	(930.5)	23.1
6	Profit / (loss) for the year					
	i. Considered in Consolidation	(10.0)	(0.0)	128.2	(247.8)	(18.7)
	ii. Not Considered in Consolidation	(12.2)	(0.0)	187.5	(991.8)	(83.3)

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

C. S. MURALIDHARAN
Chief Financial Officer
Mumbai, May 27, 2020

Sun Pharmaceutical Industries Ltd.

Registered Office: SPARC Tandalja, Vadodara - 390 012, Gujarat, India **Tel Nos:** 0265-6615500/600/700 **Fax No:** 0265-2354897
Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon -East, Mumbai - 400 063, Maharashtra, India.
CIN: L24230GJ1993PLC019050 **Website:** www.sunpharma.com **Email:** secretarial@sunpharma.com

Notice of Annual General Meeting

NOTICE is hereby given that the **Twenty-Eighth Annual General Meeting** of the members of **Sun Pharmaceutical Industries Limited** will be held on **Thursday, August 27, 2020 at 03:30 p.m. IST (Indian Standard Time) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")** to transact the following business:

ORDINARY BUSINESS:

1. a. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon.

   b. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the report of the Auditors thereon.

2. To confirm payment of Interim Dividend* of ₹3/- (Rupees Three Only) per Equity Share and to declare Final Dividend** of ₹1/- (Rupees One Only) per Equity Share of ₹1/- for the financial year 2019-20.

3. To appoint a Director in place of Mr. Israel Makov (DIN: 05299764), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Sudhir V. Valia (DIN: 00005561) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. **To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), the remuneration as set out in the Explanatory Statement annexed to this Notice, payable to M/s. B M Sharma & Associates, Cost Accountants, Firm's Registration No. 100537, appointed as the Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year 2020-21, be and is hereby ratified.

   RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof, be and is hereby authorised to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution."

6. **To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

   "**RESOLVED THAT** further to the resolutions passed at the 25th Annual General Meeting of the Company held on September 26, 2017 for remuneration payable to Mr. Dilip S. Shanghvi, Managing Director (DIN:00005588), and in partial modification to the Agreement dated September 28, 2017 entered into between Mr. Dilip S. Shanghvi and the Company for his re-appointment as Managing Director and pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with Schedule V to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015, and subject to such other permissions, sanction(s) as may be necessary under law, the consent of the Members of the Company, be and is hereby accorded for remuneration to be paid to Mr. Dilip S. Shanghvi, Managing Director of the Company for a period of 2 (Two) years with effect from April 1, 2021 to March 31, 2023, that is, upto the expiry of his present term of office, including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period, as stated below, as per draft revised Agreement, proposed to be entered into between Mr. Dilip S. Shanghvi and the Company which is hereby specifically sanctioned with the liberty to the Board of Directors to alter, vary and modify the terms and conditions of the remuneration, in such manner as may be agreed to between the Board of Directors and Mr. Dilip S. Shanghvi within and in accordance with the Act or any amendment thereto and agreed to between the Board of Directors and as may be acceptable to Mr. Dilip S. Shanghvi;

a) **Salary (including bonus and perquisites)** upto ₹8,10,00,000/- (Rupees Eight Crore and Ten Lakhs Only) per annum.

Perquisites: He will be entitled to furnished/ non-furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to ₹75,00,000 (Rupees Seventy Five Lakhs only) per annum

b) **Commission:** Subject to availability of profit and at the rate of not more than 1% of the net profit for the year, the Board of Directors will determine the commission payable within the overall ceiling laid down under sections 197 and 198 of the Companies Act, 2013 and Schedule V to the Companies Act, 2013 as may be applicable from time to time. He shall not be entitled to any sitting fees as is payable to other Non-Executive Directors.

c) **Company's contribution to provident fund and superannuation fund** or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure, though payable, shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.

d) **Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year, Mr. Dilip S. Shanghvi shall be entitled to receive a total remuneration including perquisites, etc. upto the limit as approved by the members herein above, as minimum remuneration, subject to receipt of such approvals as may be required, if any.

e) **Other terms and conditions:** Subject to the control and supervision of the Board of Directors and subject to the provisions of the Act, Mr. Dilip S. Shanghvi shall have the general conduct and management of the affairs of the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company is authorised to exercise and all such powers, acts or things which are directed or required by the Act or any other Law or by the Articles of Association of the Company except such powers/acts/things which can be exercised or done by the Company in General Meeting or by the Board of Directors at their Meeting only. Mr. Dilip S. Shanghvi to perform such duties and exercise such powers as are additionally entrusted to him by the Board and/or the Chairman. He is further authorised to do all such acts, deeds, things and matters as he may be required or permitted to do, as a Managing Director.

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), i.e. the salary, perquisites, allowances, etc. within such prescribed limit or ceiling and the aforesaid Agreement between the Company and Mr. Dilip S. Shanghvi be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required under law.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as they may deem fit, expedient or desirable to give effect to this Resolution."

By order of the Board of Directors
For Sun Pharmaceutical Industries Ltd.

Sunil R. Ajmera
Company Secretary

Mumbai
May 27, 2020

Registered Office:
SPARC, Tandalja,
Vadodara - 390 012.
Gujarat, India

* The Interim Dividend at ₹3/- per equity share of ₹1/- on 2,39,79,84,970 shares amounting to ₹7,19,39,54,910/-, has been paid on February 24, 2020, excluding interim dividend on 13,50,000 equity shares amounting to ₹40,50,000 which had been waived to be received by one of the shareholders.

** The actual Final Dividend on equity shares to be declared/ approved by the members at the 28th Annual General Meeting will be for equity shares other than the equity shares in respect of which the equity shareholder(s) has/have waived/forgone his/her/their right to receive the dividend for the financial year ended March 31, 2020 in accordance with the rules framed by the Board as per Note no. 15 hereinafter appearing.

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the 28th Annual General Meeting of the Company (the "Meeting" or "AGM") under Item Nos. 5 and 6, is annexed hereto.

   The relevant details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Clause 1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), in respect of the persons seeking appointment / re-appointment as Directors and fixation of the terms of remuneration of Directors are given under the heading "Profile of Directors" forming part of this Notice.

2. **As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No.17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 05, 2020 (hereinafter referred to as "MCA Circulars"). The forthcoming 28th AGM of the Company scheduled on Thursday, August 27, 2020 will thus be held through video conferencing ("VC") or other audio visual means ("OAVM"). Hence, Members can attend and participate in the ensuing 28th AGM through VC/ OAVM.**

3. **Pursuant to MCA General Circular No. 14/2020 dated April 08, 2020, read with MCA General Circular No. 20/2020 dated May 5, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this 28th AGM.** However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the 28th AGM through VC/ OAVM and cast their votes through e-voting.

4. Corporate members intending to appoint authorised representative(s) to attend and vote on their behalf at the 28th AGM are requested to submit to the Company a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising their representative(s) to attend and vote along with specimen signature of authorised representative(s) by e-mail to secretarial@sunpharma.com or scrutinizer@sunpharma.com before the commencement of the 28th AGM.

5. In case of joint holders attending the 28th AGM, the member whose name appears as the first holder in the order of names as per Register of Members will be entitled to vote, provided the votes are not already cast by remote e-voting.

6. The Register of Members and Share Transfer Books of the Company will be closed from **Friday, August 21, 2020 to the date of the 28th AGM of the Company to be held on Thursday, August 27, 2020** (both days inclusive) for the purpose of the 28th AGM of the Company and for the payment of Final Dividend.

7. Shareholders who would like to express their views/ ask questions during the 28th AGM may register themselves as a speaker by sending their request, mentioning their name, demat account number/folio number, email id, mobile number, at secretarial@sunpharma.com between August 20, 2020 to August 23, 2020. The shareholders who do not wish to speak during the AGM but have queries may send their queries, mentioning their name, demat account number/folio number, email id, mobile number, to secretarial@sunpharma.com. These queries will be suitably replied to by the Company by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting for a maximum time of 3 (three) minutes each, once the floor is open for shareholder queries. The Company reserves the right to restrict the number of speakers and number of questions depending on the availability of time for the AGM.

9. In accordance with MCA Circulars dated April 08, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020 due to COVID-19 pandemic, the Notice of 28th AGM along with the Annual Report for 2019-20 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company's Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd. ("RTA") / Depositories. Members may note that the Notice of the 28th AGM along with the Annual Report 2019-20 is also available for download on the website of the Company at www.sunpharma.com and on the websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

10. For receiving all communication (including Notice and Annual Report) from the Company electronically:

    (a) Members holding shares in physical mode and who have not registered/ updated their email addresses with the Company/ RTA are requested to register/ update the same by writing to the Company/ RTA with details of folio number and attaching a self-attested copy of the PAN Card at secretarial@sunpharma.com or to the Company's RTA at rnt.helpdesk@linkintime.co.in.

(b) Members holding shares in dematerialised mode are requested to register/ update their email addresses with the relevant Depositories.

11. Members will be able to attend the 28th AGM on August 27, 2020 through VC/ OAVM or view the live webcast by logging on to the e-voting website of CDSL at www.evotingindia.com by using their e-voting login credentials. On this page, click on the link Shareholders / Members, the Video Conferencing/ webcast link would be available adjacent to EVSN No. 200720007 of the Company.

12. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice and the Explanatory Statement will be available for inspection by the members upto the date of 28th AGM, at the Registered office of the Company, on all working days, except Saturdays and Sundays, between 11:00 a.m. IST and 1:00 p.m. IST, and shall be electronically available during the meeting hours.

13. The Board of Directors at its Meeting held on February 6, 2020 had declared an Interim Dividend of ₹ 3/- per Equity Share of ₹1/- each. The Interim Dividend was paid on February 24, 2020 to those shareholders who held shares as on February 18, 2020, being the record date for payment.

14. The Board of Directors at its Meeting held on May 27, 2020, recommended a Final Dividend of ₹ 1/- (Rupees One only) per equity share of ₹ 1/- each of the Company for the year ended March 31, 2020 and the same if declared/ approved at the 28th AGM, will be paid on or before September 1, 2020, to the Company's members whose names stand in the Register of Members as beneficial owners at the close of business hours on Thursday, August 20, 2020 as per the list provided by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") in respect of shares held in electronic form and as members in the Register of Members of the Company after giving effect to valid transmissions lodged with the Company on or before Thursday, August 20, 2020.

15. At the Extra Ordinary General Meeting of the members of the Company held on September 1, 2003, the members had approved, by way of a Special Resolution, certain amendments whereby few Articles were inserted in the Articles of Association of the Company relating to enabling the Company to implement any instruction from member(s) of the Company to waive / forgo his / their right to receive the dividend (interim or final) from the Company for any financial year. The above referred amendments as approved at the aforesaid Extra Ordinary General Meeting have been retained and are inter alia forming part of new set of Articles of Association adopted at the 24th Annual General Meeting of the Company held on September 17, 2016. Thus, the members of the Company can waive / forgo, if he / they so desire(s), his / their right to receive the dividend (interim or final) for any financial year effective from the dividend recommended by the Board of Directors of the Company for the year ended March 31, 2004 on a year to year basis, as per the rules framed by the Board of Directors of the Company from time to time for this purpose. The member, if so wishes to waive / forgo the right to receive Dividend for the year ended March 31, 2020, shall fill up the form and send it to the Company's RTA on or before Thursday, August 20, 2020. The form prescribed by the Board of Directors of the Company for waiving / forgoing the right to receive Dividend for any year shall be available for download on the Company's website www.sunpharma.com under section "Investor - Shareholder's Information- Statutory Communication" or can also be obtained from the Company's RTA.

    The Board of Directors of the Company at its meeting held on September 01, 2003 have framed the following rules under old Article 190A (corresponding Article 142 as per the new set of Articles of Association) of the Articles of Association of the Company for members who want to waive / forgo the right to receive dividend in respect of financial year 2002-2003 or for any year thereafter:

    I. A Shareholder can waive / forgo the right to receive the dividend (either final and / or interim) to which he is entitled, on some or all the Equity Shares held by him in the Company as on the Record Date / Book-closure Date fixed for determining the names of Members entitled for such dividend. However, the Shareholder cannot waive / forgo the right to receive the dividend (either final and / or interim) for a part of percentage of dividend on a share(s).

    II. The Equity Shareholder(s) who wish to waive/ forgo the right to receive the dividend for any year shall inform the Company in the form prescribed by the Board of Directors of the Company only.

    III. In case of joint holders holding the Equity Shares of the Company, all the joint holders are required to intimate to the Company in the prescribed form their decision of waiving / forgoing their right to receive the dividend from the Company.

    IV. The Shareholder, who wishes to waive / forgo the right to receive the dividend for any year shall send his irrevocable instruction waiving / forgoing dividend so as to reach the Company before the Record Date / Book Closure Date fixed for the payment of such dividend. Under no circumstances, any instruction received for waiver / forgoing of the right to receive the dividend for any year after the Record Date / Book Closure Date fixed for the payment of such dividend for that year shall be given effect to.

V. The instruction once given by a Shareholder intimating his waiver / forgoing of the right to receive the dividend for any year for interim, final or both shall be irrevocable and cannot be withdrawn for that particular year for such waived / forgone the right to receive the dividend. But in case, the relevant Shares are sold by the same Shareholder before the Record Date / Book Closure Date fixed for the payment of such dividend, the instruction once exercised by such earlier Shareholder intimating his waiver / forgoing the right to receive dividend will be invalid for the next succeeding Shareholder(s) unless such next succeeding Shareholder(s) intimates separately in the prescribed form, about his waiving / forgoing of the right to receive the dividend for the particular year.

VI. The Equity Shareholders who wish to waive / forgo their right to receive the dividend for any year can inform the Company in the prescribed form only after the beginning of the relevant financial year for which the right to receive the dividend is being waived / forgone by him.

VII. The instruction by a Shareholder to the Company for waiving / forgoing the right to receive dividend for any year is purely voluntary on the part of the Shareholder(s). There is no interference with a Shareholder's Right to receive the dividend, if he does not wish to waive / forgo his right to receive the dividend. No action is required on the part of Shareholder who wishes to receive dividends as usual. Such Shareholder will automatically receive dividend as and when declared.

VIII. The decision of the Board of Directors of the Company or such person(s) as may be authorised by Board of Directors of the Company shall be final and binding on the concerned Shareholders on issues arising out of the interpretation and / or implementation of these Rules.

IX. These Rules can be amended by the Board of Directors of the Company from time to time as may be required.

16. The members of erstwhile Tamilnadu Dadha Pharmaceuticals Limited; erstwhile Gujarat Lyka Organics Limited; erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited; who have not yet sent their share certificates of erstwhile Tamilnadu Dadha Pharmaceuticals Limited; erstwhile Gujarat Lyka Organics Limited; erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited, respectively for exchange with the share certificates of Sun Pharmaceutical Industries Limited, are requested to do so at the earliest, since share certificates of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited; erstwhile Gujarat Lyka Organics Limited; erstwhile Phlox Pharmaceuticals Limited and erstwhile Ranbaxy Laboratories Limited are no longer tradable / valid.

17. The members may be aware that the equity shares of the Company had been subdivided from 1 (One) equity share of ₹ 5/- (Rupees Five Only) each to 5 (Five) equity shares of ₹ 1/- each on November 29, 2010 based on the Record Date of November 26, 2010. The members who have yet not sent their share certificates of ₹ 5/- (Rupees Five Only) each of the Company for exchange with new equity shares of ₹ 1/- each are requested to send the same to the Company's RTA since the old share certificates of ₹ 5/- (Rupees Five Only) each are no longer tradable.

18. Pursuant to the amendments introduced by the Finance Act, 2020, the dividend income will be taxable in the hands of the shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. However, no tax will be deducted on payment of dividend to the resident individual shareholders, if the total dividend paid does not exceed ₹ 5,000/-. The rate of tax deducted at source will vary depending on the residential status of the shareholder and documents registered with the Company.

a) RESIDENT SHAREHOLDERS

(i) Tax Deductible at Source for resident shareholders

Sr. No.	Particulars	Rate of Deduction of Tax at Source	Documents Required (if any)
1	Valid PAN updated in the Company's Register of Members	7.5%	No document required (if no exemption is sought)
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought).
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the Certificate	Lower/nil tax deduction certificate obtained from Income Tax Authority

(ii) No Tax Deductible at Source on dividend payment to resident shareholders if the shareholders submit and register following documents mentioned in column no. 4 of the below table with the Company/ Company's RTA – Link Intime India Private Limited

Sr. No.	Particulars	Rate of Deduction of Tax at Source	Documents Required (if any)
1	Submission of Form No. 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form No.15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions. Please download Form No. 15G / 15H from the Income Tax website www.incometaxindia.gov.in
2	Securitisation Trust	NIL	Copy of registration/ document evidencing the shareholder being a securitisation trust (as defined in clause (d) of the Explanation below section 115TCA).
3	Shareholders to whom section 194 of the Income Tax Act, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable.
4	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds specified u/s 10(23D) of the Income-tax Act, 1961.	NIL	Documentary evidence for coverage u/s 196 of the Income Tax Act, 1961
5	Category I and II Alternative Investment Fund	NIL	SEBI AIF registration certificate to claim benefit u/s 197A (1F) read with section 10(23FBA) of the Income Tax Act, 1961
6	• Recognised provident funds • Approved superannuation fund • Approved gratuity fund	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
7	National Pension System Trust referred to in section 10(44) of the Income-tax Act, 1961	NIL	No TDS as per section 197A (1E) of the Income Tax Act, 1961

b) NON-RESIDENT SHAREHOLDERS

Tax deducted at source on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following documents with the Company/ Company's RTA - Link Intime India Private Limited

Sr. No.	Particulars	Rate of Deduction of Tax at Source	Documents Required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate.
2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial	To avail beneficial rate of tax as per applicable tax treaty, following documents would be required: 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. Permanent Account Number (PAN) 3. Form No. 10F duly filled in & signed 4. Self-declaration by the shareholder for non-existence of permanent establishment/ fixed base in India 5. Self-declaration by the shareholder regarding the satisfaction of the place of effective management (POEM), principal purpose test, General Anti Avoidance Rule (GAAR), Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements. (Note: Application of beneficial tax treaty rate shall depend upon the completeness of the documents submitted by the non-resident shareholder and review to the satisfaction of the Company)
3	Indian Branch of a Foreign Bank	NIL	Lower/nil tax deduction certificate u/s 195(3) obtained from Income Tax Authority. Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank.
4	Overseas Trust	20% (plus applicable surcharge and cess)	The overseas trust can also be given the tax treaty rate. However, the same can be litigative and hence, on a conservative basis, withholding on dividends paid to overseas trust should be as per Income-tax Act, 1961 only
5	Availability of Lower/Nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower/Nil tax deduction certificate obtained from Income Tax Authority

c) The Company will issue soft copy of TDS certificate to its shareholders through email registered with Company / Company's RTA post payment of dividend. Shareholders will be able to download the TDS certificate from the Income Tax Department's website https://incometaxindiaefiling.gov.in (refer to Form 26AS).

d) The aforesaid documents such as Form No. 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower/Nil Tax deduction certificate etc. can be submitted to the Company / Company's RTA at sunpharmadivtax@linkintime.co.in or can be uploaded on the link https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before August 18, 2020 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/ deduction received post August 18, 2020 shall not be considered for the payment of Final Dividend for the financial year 2019-20.

   All queries/ grievances/ issues in this regard shall be attended/ addressed on rnt.helpdesk@linkintime.co.in.

e) Application of TDS rate is subject to necessary verification as per details as available in Register of Members as on the Record Date, and other documents available with the Company / Company's RTA.

f) In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund from the Income-tax department.

g) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any assessment / appellate proceedings.

h) This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

i) The tax withholding rates referred above are based on the law prevailing as on the date.

j) In the event there is ambiguity in law or interpretation or matters concerning tax withholding, the highest applicable tax withholding rate shall be considered on a conservative basis.

19. Pursuant to Section 124 of the Act, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund ("IEPF"). The Company will be transferring the unclaimed dividends during the financial years ending March 31, 2021 to March 31, 2027 as given below:

Dividend for Financial Year	Date of Declaration of Dividend Entitled	Rate of Dividend	Date on which Dividend will become due for transfer to IEPF
2012-2013	30.09.2013	₹2.50 per share of ₹1/- each	31.10.2020
2013-2014	27.09.2014	₹1.50 per share of ₹1/- each	27.10.2021
2014-2015	31.10.2015	₹3.00 per share of ₹1/- each	29.11.2022
2015-2016	17.09.2016	₹1.00 per share of ₹1/- each	16.10.2023
2016-2017	26.09.2017	₹3.50 per share of ₹1/- each	28.10.2024
2017-2018	26.09.2018	₹2.00 per share of ₹1/- each	27.10.2025
2018-2019	28.08.2019	₹2.75 per share of ₹1/- each	29.09.2026
2019-2020 (Interim Dividend)	06.02.2020	₹3.00 per share of ₹1/- each	11.03.2027

Members who have not encashed their dividend warrants, for the financial year ended March 31, 2013 and onwards are requested to approach the Company's Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd. at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India, to claim their unpaid Dividend. The Dividend declared for the financial year ended March 31, 2013 and remaining unpaid and unclaimed, will become due for transfer to the Investor Education and Protection Fund on October 31, 2020. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 28, 2019 (date of the last Annual General Meeting of the Company) on the website of the Company viz., www.sunpharma.com under head "Investor" sub-head "Shareholder Information" as well as on the website of the Ministry of Corporate Affairs viz.,www.iepf.gov.in.

20. The members may note that pursuant to Section 124(6) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time ("the Rules"), the shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more shall be transferred to the demat account created by the IEPF Authority.

Consequently, the Company has transferred the shares to the IEPF Authority in respect of which dividend has remained unpaid or unclaimed from the financial year 2011-12 for 7 (seven) consecutive years, the details of which are available on website of the Company www.sunpharma.com under head "Investor" sub-head "Shareholder Information".

The shares in respect of which dividend has remained unpaid or unclaimed for 7 (seven) consecutive years commencing from the financial year 2012-13 are liable for transfer to the IEPF Authority pursuant to the Rules. The details of such shares which are becoming due for transfer to IEPF Authority on October 31, 2020 are available on website of the Company www.sunpharma.com under head "Investor" sub-head "Shareholder Information". The shareholders are requested to claim their unpaid or unclaimed Dividend latest by October 15, 2020 after which date the Company shall initiate the process of transferring the eligible shares to the IEPF Authority.

The procedure to claim shares from IEPF Authority is provided on the website of the Company and can be accessed from: www.sunpharma.com under head "Investor" sub-head "Shareholder Information".

21. The members are requested to get their physical shares dematerialised, since vide SEBI Circular dated June 08, 2018 read with SEBI Circular dated December 03, 2018 with effect from April 01, 2019, except in case of transmission or transposition, the securities shall not be transferred unless they are held in the dematerialised form.

22. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 28th AGM of the Company. For this purpose, the Company has appointed Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the 28th AGM will be provided by CDSL.

23. The Members can join the 28th AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure as detailed in this Notice. As per the MCA Circulars, the facility of participation at the 28th AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 28th AGM without restriction on account of first come first served basis.

24. The attendance of the Members attending the 28th AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

25. The voting rights of Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date ("Record Date"), i.e., as on Thursday, August 20, 2020

26. The Board of Directors has appointed Mr. Chintan Goswami, Partner of KJB & Co. LLP, Practising Company Secretaries, and failing him, Mr. Alpesh Panchal, Partner of KJB & Co. LLP, Practising Company Secretaries, Mumbai as the Scrutinizer to scrutinize the voting during the AGM by electronic mode and remote e-voting process in a fair and transparent manner. They have communicated their willingness to be appointed as such and they are available for the said purpose.

27. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the 28th AGM has been uploaded on the website of the Company at www.sunpharma.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The 28th AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the 28th AGM) i.e. www.evotingindia.com.

28. The 28th AGM has been convened through VC/OAVM in compliance with the applicable provisions of the Companies Act, 2013 read with the MCA Circulars.

29. Instructions for Remote E-Voting and Electronic Voting System:

(i) The remote e-voting period begins on **Monday, August 24, 2020 at 09:00 a.m. and ends on Wednesday, August 26, 2020 at 05:00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. Thursday, August 20, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those members who will be present in the AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to cast their vote again.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

d. Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at https://www.cdslindia.com from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

(vi) Next enter the Image Verification as displayed and Click on Login

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to send an email to the Company's RTA at rnt.helpdesk@linkintime.co.in to obtain a sequence number for such login.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN no. 200720007 for Sun Pharmaceutical Industries Limited.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

1. **For Physical shareholders –** please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.

2. **For Demat shareholders -** please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

Instructions for shareholders attending the 28th AGM of the Company through VC/OAVM are as under:

1. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Instructions for shareholders for e-voting during the 28th AGM are as under:-

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

3. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

5. Members are encouraged to join the Meeting using Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge or Mozilla Firefox 22.

6. Members will be required to grant access to the web-cam to enable two-way video conferencing.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutinizer and to the Company at the email address viz; scrutinizer@sunpharma.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding attending AGM & e-Voting from the e-voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

(xxii) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/ 43.

(xxiii) The Scrutinizer will, immediately after the conclusion of voting at the 28th AGM, start scrutinizing the votes cast at the Meeting along with remote e-voting and prepare a consolidated Scrutinizer's Report and submit thereafter to the Chairman of the Meeting or any person authorised by him in writing. The result declared along with the consolidated Scrutinizer's Report will be placed on the Company's website at www.sunpharma.com and on the website of CDSL at www.evotingindia.com, as well as displayed on the notice board at the Registered Office and Corporate Office of the Company, within 48 hours of the conclusion of the Meeting. The Company will simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the Special Business as set out at Item Nos. 5 and 6 of the accompanying Notice dated May 27, 2020.

Item No. 5:

M/s. B M Sharma & Associates, Cost Accountants, have been appointed as the Cost Auditors by the Board of Directors of the Company on recommendation of the Audit Committee, for conducting audit of cost records pertaining to the formulations and bulk drugs activities of the Company for the financial year ending March 31, 2021 at a remuneration of ₹ 24,75,000/- (Rupees twenty four lakhs seventy-five thousand only) excluding reimbursement of out of pocket expenses and applicable taxes.

In terms of provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, member's ratification is required for remuneration payable to the Cost Auditors.

Therefore, consent of the members of the Company is being sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

The Board recommends the resolution as set out at item no. 5 of the Notice for approval of the members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested in the above resolution as set out in Item no. 5 of this Notice.

Item No. 6

Mr. Dilip Shanghvi was re-appointed as Managing Director by way of a special resolution passed by the members at the 25th Annual General Meeting of the Company held on September 26, 2017 for a period of 5 (five) years effective from April 1, 2018 upto March 31, 2023.

Further the Members, by way of a special resolution at the 25th AGM, had approved the maximum remuneration to be paid to Mr. Dilip S. Shanghvi, Managing Director for a period of 3 years with effect from April 1, 2019 to March 31, 2021, including the remuneration to be paid to him in event of loss or inadequacy of profits in any financial year during the aforesaid period, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. It is now proposed to obtain approval of the Members for remuneration to be paid to Mr. Dilip Shanghvi for further period of two years i.e. from April 1, 2021 to March 31, 2023, which is the remaining period of his present term of appointment.

The maximum remuneration to Mr. Dilip S. Shanghvi, approved by the members at the 25th AGM for the period from April 1, 2019 to March 31, 2021, was ₹ 8.10 crores per annum, within which limit the Nomination and Remuneration Committee and the Board approve the remuneration to be paid to Mr. Dilip S. Shanghvi. The present actual remuneration paid to Mr. Dilip S. Shanghvi for the year 2019-20 is ₹ 4.31 crores per annum. Therefore it is proposed to the members that the maximum limit of ₹ 8.10 crores per annum be continued as his maximum remuneration for remaining period of his present term of appointment i.e. from April 1, 2021 to March 31, 2023. This maximum remuneration has also been recommended and approved by the Nomination and Remuneration Committee and the Board of Directors of the Company.

Pursuant to provisions of Section 197 read with Schedule V of the Act, in case the Company has no profit/ inadequate profits in any financial year during the tenure of the Director, the minimum remuneration shall be paid to such Director, as may be decided by the Board of Directors, if the approval of members is obtained by way of Special Resolution. Additionally, under Regulation 17 (6) (e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), members approval by way of Special Resolution is required to pay remuneration to a Director who is a promoter of the Company, in case, such annual remuneration is 2.5% of the net profit of the Company or ₹5 crores, whichever is higher. The net profit of the Company is not inadequate presently. However for any reason in future years, the profits are inadequate or are absent in terms of the Act or SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015 during the term of Mr. Dilip S. Shanghvi, it is proposed to seek members' approval by Special Resolution, to enable the Company to pay Minimum Remuneration as per the proposed resolution to Mr. Dilip Shanghvi, for his remaining tenure as the Managing Director.

Members' approval is therefore sought for maximum remuneration to be paid to Mr. Dilip S. Shanghvi, as stated aforesaid and detailed in the resolution, for the remaining period of his term of appointment, that is, from April 1, 2021 to March 31, 2023, including the remuneration to be paid to him in event of loss or inadequacy of profits in any financial year during the aforesaid period, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

It may be noted that the main terms and conditions of Mr. Dilip S. Shanghvi's appointment, other than the term of remuneration as stated aforesaid, shall remain the same as per the resolution passed by the members at the 25th Annual General Meeting of the Company held on September 26, 2017 and agreement dated September 28, 2017, between the Company and Mr. Dilip S. Shanghvi.

This explanatory statement and the Resolution set out at Item No. 6 of this Notice may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The copy of the draft revised agreement with respect to the term of remuneration, to be entered into with Mr. Dilip S. Shanghvi is available for inspection by any member as detailed in point no. 12 of Notes to Notice of this 28th Annual General Meeting.

Mr. Dilip S. Shanghvi, Managing Director of the Company is highly experienced and controls the affairs of the Company as a whole under the direction of the Board of Directors of the Company. He has successfully and in a sustained way contributed significantly towards growth in performance of the Company. He has extensive experience in the pharmaceutical industry and is actively involved inter alia in international pharmaceutical markets, business strategy, business development functions of the Company.

He is recipient of several awards in the past years such as Entrepreneur of the year AIMA (All India Management Association); NDTV Business Leadership Award – Pharmaceutical – 2016; JRD TATA Corporate Leadership Award AIMA (All India Management Association); Economic Times Business Leader of the Year Award; CNBC-TV18, Outstanding Business Leader of the Year; Forbes Entrepreneur For The Year; World Entrepreneur of the Year Ernst And Young; Indian of the Year (Business) CNN IBN; Businessman of the Year Business India; Entrepreneur of the Year Economic Times; CEO of the Year Business Standard; First Generation Entrepreneur of the Year CNBC TV 18; Pharmaceutical Company IMC Juran Quality Medal; Entrepreneur of the Year (Healthcare And Life Sciences) Ernst And Young.

The Board recommends the Resolution as set out at Item no. 6 of the Notice for approval of the Members as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Dilip S. Shanghvi to whom this resolution relates and Mr. Sudhir V. Valia, being brother-in-law of Mr. Dilip S. Shanghvi, are in any way concerned or interested in the Resolution as set out at Item no. 6 of this Notice.

PROFILE OF DIRECTORS

(Details of Directors proposed to be appointed/ reappointed)

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and as required under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS – 2), the particulars of Directors who are proposed to be appointed/ reappointed/ whose terms of remuneration are being fixed at this 28th Annual General Meeting, are given below:

The details of Board and Committee Meetings attended by these Directors during the year 2019-20 are stated in the Corporate Governance Report which forms part of this Annual Report.

The details of remuneration, wherever applicable, are provided in the respective resolution(s).

Particulars	Mr. Israel Makov
Age	81 Years
Brief resume of the Director including nature of expertise in specific functional areas:	Mr. Israel Makov is a Non-executive Chairman of the Company since May 29, 2012. He is also the former President and CEO of Teva Pharmaceutical Industries Ltd. He joined Teva in 1995 and led the company's global expansion, managing over 12 acquisitions, two of which were the largest M&A deals in the Israeli history at the time. Under Mr. Makov's leadership, Teva became the undisputed global leader in the generic pharmaceutical industry and a global leader in the treatment of Multiple sclerosis. He is Chairman of BioLight – an emerging global ophthalmic company focused on the discovery, development and commercialisation of products for ophthalmic conditions and Chairman of Micromedic Technologies Ltd. - a cluster of companies engaged in cancer diagnostics. He is the former Chairman of Given Imaging - the developer and world's leading provider of capsule endoscopy and Netafim - the pioneer and global leader in smart irrigation solutions. He is a member of the Executive Board & Management Committee of the Weizmann Institute of Science, on the Board of Governors of the Technion – Israel Institute of Technology, President of the Friends of Schneider Children's Medical Center of Israel and Director at Yeda Research and Development Company Ltd. Mr. Israel Makov holds a B.Sc. in Agriculture and M. Sc in Economics from the Hebrew University, Jerusalem.
Date of First appointment on the Board:	May 29, 2012
Directorship held in other companies (excluding foreign companies & section 8 companies):	Nil
Membership / Chairmanships of Committees of other public Companies:	Nil
Inter-se Relationship between Directors:	--
No. of Shares held in the Company (singly or jointly as first holder) as on March 31, 2020:	Nil

Particulars	Mr. Sudhir V. Valia
Age	63 Years
Brief resume of the Director including nature of expertise in specific functional areas:	Mr. Sudhir V. Valia holds a Bachelor's degree in Commerce from University of Mumbai and is also a qualified Chartered Accountant with more than three decades of taxation and finance experience. He has been the Director of Sun Pharmaceutical Industries Limited since 1994 and is also on the Board of Taro Pharmaceutical Industries Ltd. Mr. Valia has won several awards including CNBC TV 18's CFO of the Year in the Pharmaceutical and Healthcare Sectors for two consecutive years - 2011 and 2012, as well as in the year 2009. He is actively involved in the field of social activities and he was awarded the Adivasi Sevak Puraskar (2008 -2009) by the Government of Maharashtra for his contribution towards the welfare of tribals, particularly in the field of education in his capacity as visionary and Director of Shantilal Shanghvi Foundation. He is also a Director of Krishna Vrundavan Pratishthan.
Date of First appointment on the Board:	January 31, 1994
Directorship held in other companies (excluding foreign companies & section 8 companies):	Sun Pharma Advanced Research Company Limited; Sun Pharma Laboratories Limited Aditya Clean Power Ventures Private Limited Sun Petrochemicals Private Limited Suraksha Asset Reconstruction Limited Aditya Thermal Energy Private Limited Fasttrack Housing Finance Limited Alfa Infraprop Private Limited ITI Mutual Fund Trustee Private Limited ITI Management Advisors Limited (Formerly known as ITI Reinsurance Limited) Universal Enterprises Private Limited Venerate Properties Private Limited
Membership / Chairmanships of Committees of other public Companies:	Sun Pharma Advanced Research Company Limited – Member of Audit Committee; Member of Stakeholder's Relationship Committee; Chairman of Corporate Social Responsibility Committee; Chairman of Fund Management Committee; Member of Securities Allotment Committee; Member of Risk Management Committee Sun Pharma Laboratories Limited – Member of Audit Committee; Chairman of Corporate Social Responsibility Committee Fasttrack Housing Finance Limited – Chairman of Audit Committee; Chairman of Risk Management Committee
Inter-se Relationship between Directors:	Mr. Sudhir V. Valia is Brother-in-law of Mr. Dilip S. Shanghvi, Managing Director of the Company
No. of Shares held in the Company (singly or jointly as first holder) as on March 31, 2020:	14,345,019 Equity Shares

Particulars	Mr. Dilip S. Shanghvi
Age	64 Years
Brief resume of the Director including nature of expertise in specific functional areas:	Mr. Dilip S. Shanghvi is a graduate in commerce from the Kolkata University. He is the Managing Director of the Company and Chairman & Managing Director of Sun Pharma Advanced Research Company Ltd. He is the founding partner of Sun Pharmaceutical Industries, a firm which was later converted into Sun Pharmaceutical Industries Limited (SPIL) in 1993. Under his leadership, SPIL has recorded an all-round growth in business. He has extensive experience in the pharmaceutical industry. As the promoter of SPIL, he has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in the Company. Mr. Shanghvi was conferred with the prestigious 'Padma Shri' award by the Hon'ble President of India in the year 2016. He is also recipient of several awards as detailed under Item No. 6 of the Explanatory Statement.
Date of First appointment on the Board:	March 1, 1993
Directorship held in other companies (excluding foreign companies & section 8 companies):	Sun Pharma Advanced Research Company Limited Sun Petrochemicals Private Limited Alfa Infraprop Private Limited Aditya Clean Power Ventures Private Limited
Membership / Chairmanships of Committees of other public Companies:	Sun Pharma Advanced Research Company Limited – Member - Corporate Social Responsibility Committee; Member - Fund Management Committee; Member –Securities Allotment Committee; Chairman – Risk Management Committee
Inter-se Relationship between Directors:	Mr. Dilip S. Shanghvi is Brother-in-law of Mr. Sudhir V. Valia, Director
No. of Shares held in the Company (singly or jointly as first holder) as on March 31, 2020:	23,02,85,690 Equity Shares

Notes

Notes

Corporate Information

Board of Directors

Israel Makov
Chairman

Dilip S. Shanghvi
Managing Director

Sailesh T. Desai
Whole-time Director

Mr. Kalyanasundaram Subramanian
Whole-time Director

Sudhir V. Valia
Non-executive and Non-Independent Director (Designation changed from Whole-time Director to Non-executive & Non independent Director w.e.f. May 29, 2019)

Rekha Sethi
Non-executive and Independent Director

Vivek Chaand Sehgal
Non-executive and Independent Director

Gautam Doshi
Non-executive and Independent Director

Chief Financial Officer

C. S. Muralidharan

Company Secretary

Sunil R. Ajmera

Auditors

S R B C & Co. LLP
Chartered Accountants, Mumbai

Registrars & Share Transfer Agents

Link Intime India Pvt. Ltd.
C 101, 247 Park,
L B S Marg, Vikhroli (West),
Mumbai – 400 083
Tel: (022)-49186000
Fax: (022)-49186060
E-mail: sunpharma@linkintime.co.in
rnt.helpdesk@linkintime.co.in

Operational Manufacturing Plants

1 Dewas, Madhya Pradesh, India
2 Karkhadi, Gujarat, India
3 Baddi, Himachal Pradesh, India
4 Dadra, Dadra & Nagar Haveli, India
5 Ponda, Goa, India
6 Halol, Gujarat, India
7 Mohali, Punjab, India
8 Paonta Sahib, Himachal Pradesh, India
9 Silvassa, Dadra & Nagar Haveli, India
10 Ahmednagar, Maharashtra, India
11 Ankleshwar, Gujarat, India
12 Dahej, Gujarat, India
13 Maduranthakam, Tamilnadu, India
14 Malanpur, Madhya Pradesh, India
15 Panoli, Gujarat, India
16 Toansa, Punjab, India
17 Sun Pharma Laboratories Ltd., Guwahati, Assam, India
18 Sun Pharma Laboratories Ltd., Jammu, Jammu & Kashmir, India
19 Sun Pharma Laboratories Ltd., Setipool, Sikkim, India
20 Sun Pharma Laboratories Ltd., Ranipool, Sikkim, India
21 Sun Pharmaceutical Medicare Ltd., Baska, Gujarat, India
22 Sun Pharmaceutical Industries (Australia), Latrobe, Australia
23 Sun Pharmaceutical Industries (Australia), Port Fairy, Australia
24 Sun Pharmaceutical (Bangladesh) Ltd., Joydevpur, Gazipur, Bangladesh
25 Taro Pharmaceuticals Inc., Brampton, Ontario, Canada
26 Taro Pharmaceutical Industries Ltd., Haifa Bay, Israel
27 Alkaloida Chemical Company Zrt, Tiszavasvari, Kabay, Hungary
28 Ranbaxy Egypt (L.L.C.), October City, Giza, Egypt
29 Ranbaxy Malaysia Sdn. Bhd., Kedah, Malaysia
30 Ranbaxy Nigeria Limited., Lagos (Magboro), Nigeria
31 S.C Terapia S. A. Cluj, Romania
32 JSC Biosintez, Penza, Russia
33 Ranbaxy Pharmaceuticals., (Pty) Ltd. Roodepoort, Johannesburg, South Africa
34 Chattem Chemicals Inc., Chattanooga, US
35 Ohm Laboratories Inc., New Brunswick, New Jersey, US
36 Ohm Laboratories Inc., North Brunswick, NJ, New Jersey, US
37 Pharmalucence Inc., Billerica, Massachusetts, US
38 Pola Pharma Inc., Saitama, Japan

Offices

Registered office

Sun Pharma Advanced Research Centre
(SPARC), Tandalja,
Vadodara – 390 012, Gujarat.

Corporate Office

Sun House, CTS No. 201 B/1,
Western Express Highway,
Goregaon (E), Mumbai 400 063,
Maharashtra.
CIN: L24230GJ1993PLC019050
Tel: (022)-4324 4324
Fax: (022)-4324 4343
email: secretarial@sunpharma.com

Major R&D centres

1 **India**
Sun Pharma Advanced research Centre,
F.P.27, Part Survey No. 27, C.S. No. 1050,
TPS No. 24, Village Tandalja, District,
Vadodara - 390 012, Gujarat.

2 **India**
17-B, Mahal Industrial Estate,
Mahakali Caves Road, Andheri (East),
Mumbai - 400 093, Maharashtra.

3 **India**
Village Sarhaul, Sector-18,
Gurugram - 122 015, Haryana.

4 **Israel**
Chemistry and Discovery Research
Israel, 14 Hakitor Street, P.O. Box 10347
Haifa Bay, 2624761, Israel.

5 **Canada**
Taro Pharmaceuticals Inc.,
130 East Drive, Brampton,
Ontario L6T 1C1, Canada.

6 **USA**
Ohm Laboratories Inc., Terminal Road,
New Brunswick, New Jersey 08901, USA.

SUN HOUSE
Plot No. 201 B/1, Western Express Highway,
Goregaon (E), Mumbai 400063, Maharashtra, India.
Tel : (+91 22) 4324 4324, Fax : (+91 22) 4324 4343
CIN: L24230GJ1993PLC019050
www.sunpharma.com

/Concept, content and design at AICL (hello@aicl.in)