

INDEPENDENT AUDITOR'S REPORT

To the Members of Sun Pharma Laboratories Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Sun Pharma Laboratories 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 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 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 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 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 Ind AS financial statements.

Other Information

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

Our opinion on the 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 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 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 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 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 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the 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.

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 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 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 Ind AS financial statements - Refer Note 38 to the 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 23 to the Ind AS financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 20105754AAAAC05665
Place of Signature: Pune
Date: May 26, 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 Pharma Laboratories 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	No of Cases	Gross Block as on March 31, 2020 (INR Millions)	Net Block as on March 31, 2020 (INR Millions)	Remarks
Freehold land	2	38.2	38.2	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 Court of respective states.
Leasehold land	2	113.8	105.6	

In respect of building where the Company is entitled to the right of occupancy and use is disclosed as property, plant and equipment in the Ind AS financial statements, we report that the instrument entitling the right of occupancy and use of the building, are in 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 (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 services tax and cess, where applicable and which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount* (INR in Million)	Period to which it pertains	Forum where the dispute is pending
Income Tax Act, 1961	Income taxes, interest, and penalty	576.5	2012-13 and 2013-14	Income Tax Appellate Tribunal
		4,438.9	2015-16	Commissioner of Income Tax (Appeals)
		96.8	Various years from 2003-04 to 2012-13	High Court
The Central Excise Act, 1944	Excise Duty, Interest, and Penalty	258.2	Various years from 2004-05 to 2015-16	CESTAT
		20.4	Various years from 2005-06 to 2013-14	Commissioner (Appeals)
Finance Act, 1994	Service Tax	110.7	Various years from 2010-11 to 2014-15	CESTAT

* Amount includes interest till the date 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 the 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 the 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 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards. The provisions of section 177 is not applicable to the Company.

(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 Number: 105754
UDIN: 20105754AAAAC05665
Place of Signature: Pune
Date: May 26, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Sun Pharma Laboratories 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 Pharma Laboratories Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the 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 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 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 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 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 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 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 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 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 Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 Ind AS financial statements and such internal financial controls over financial reporting with reference to these 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 Number: 107515
UDIN: 20105754AAAAC05665
Place of Signature: Pune
Date: May 26, 2020

Particulars	Notes	₹ in Million	
		As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3 (a) & 3 (b)	12,847.6	11,920.5
(b) Capital work-in-progress		312.5	1,639.0
(c) Other intangible assets	4	63,418.3	76,452.9
(d) Intangible assets under development		55.0	55.0
(e) Investments in the nature of equity in subsidiaries	5	19.0	16.5
(f) Investments in associates	6	91,464.5	83,010.0
(g) Financial assets			
(i) Investments	7	383.4	383.6
(ii) Loans	8	0.5	1.2
(iii) Other financial assets	9	172.1	187.0
(h) Income tax assets (Net)	10	11,116.9	9,320.0
(i) Other non-current assets	11	2,138.5	1,142.4
Total non-current assets		181,928.3	184,128.1
(2) Current assets			
(a) Inventories	12	5,047.9	6,258.4
(b) Financial assets			
(i) Investments	13	-	2,462.6
(ii) Trade receivables	14	16,256.7	3,922.0
(iii) Cash and cash equivalents	15	17.2	0.8
(iv) Bank balances other than (iii) above	16	7.1	775.8
(v) Loans	17	13,999.8	3,794.3
(vi) Other financial assets	18	2,557.6	2,526.7
(c) Other current assets	19	1,657.9	2,150.0
Total current assets		39,544.2	21,890.6
TOTAL ASSETS		221,472.5	206,018.7
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	400.5	0.5
(b) Other equity	21	204,817.8	194,396.4
Total equity		205,218.3	194,396.9
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	7,405.8	-
(ii) Other financial liabilities	23	193.3	-
(b) Provisions	24	654.7	410.9
(c) Deferred tax liabilities (Net)	50	-	559.3
Total non current liabilities		8,253.8	970.2
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	81.4	2,989.9
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises (refer note 42)		89.9	98.1
(b) total outstanding dues of creditors other than micro and small enterprises		4,411.9	4,757.3
(iii) Other financial liabilities	26	815.8	301.6
(b) Other current liabilities	27	227.0	505.9
(c) Provisions	28	2,374.4	1,998.8
Total current liabilities		8,000.4	10,651.6
Total liabilities		16,254.2	11,621.8
TOTAL EQUITY AND LIABILITIES		221,472.5	206,018.7

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors of
Sun Pharma Laboratories LimitedFor S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/ E300003C. S. MURALIDHARAN
Chief Financial OfficerSUDHIR V. VALIA
Director
DIN No. : 00005561per PAUL ALVARES
Partner
Membership No. 105754
Pune, May 26, 2020KIRTI GANORKAR
Chief Executive OfficerSAILESH T. DESAI
Director
DIN No. : 00005443RACHANA N. KOKAL
Company Secretary

Mumbai, May 26, 2020

SUN PHARMA LABORATORIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Notes	₹ in Million	
		For Year ended March 31, 2020	For Year ended March 31, 2019
(I) Revenue from operations	29	68,541.1	45,094.0
(II) Other income	30	1,301.3	2,149.5
(III) Total income (I + II)		69,842.4	47,243.5
(IV) Expenses			
Cost of materials consumed	31	9,762.4	9,129.6
Purchase of stock-in-trade		4,949.4	3,346.7
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	1,317.6	(1,407.8)
Employee benefits expense	33	7,342.5	6,458.4
Finance costs	34	346.1	1,079.9
Depreciation and amortisation expense			
Other expenses	3 (a), 3 (b) & 4	16,238.5	16,172.3
	35	9,829.6	8,292.0
Total expenses (IV)		49,786.1	43,071.1
(V) Profit before exceptional item and tax (III-IV)		20,056.3	4,172.4
(VI) Exceptional item	57	1,042.8	-
(VII) Profit before tax (V-VI)		19,013.5	4,172.4
(VIII) Tax expense / (credit) :	36		
Current tax		3,310.0	911.0
Deferred tax		(513.8)	(19.5)
Total tax expense (VIII)		2,796.2	891.5
(IX) Profit for the year (VII-VIII)		16,217.3	3,280.9
(X) Other comprehensive income			
a) Items that will not be reclassified to the statement of profit or loss			
(i) Gain / (loss) on remeasurements of defined benefit plans		(130.1)	64.2
(ii) Income tax on above		45.5	(22.5)
b) Items that will be reclassified to the statement of profit or loss			
(i) Gain / (loss) on debt instruments through other comprehensive income		(0.2)	(8.6)
(ii) Income tax on above		0.1	3.0
Total other comprehensive income (X)		(84.7)	36.1
(XI) Total comprehensive income for the year (IX+X)		16,132.6	3,317.0
Earnings per equity share (face value per equity share - ₹ 10)	44		
Basic (in ₹)		404.9	81.5

The accompanying notes are an integral part of the financial statements
As per our report of even date

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

For and on behalf of the Board of Directors of
Sun Pharma Laboratories Limited

per PAUL ALVARES
Partner
Membership No. 105754
Pune, May 26, 2020

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Director
DIN No. : 00005561

KIRTI GANORKAR
Chief Executive Officer

SAILESH T. DESAI
Director
DIN No. : 00005443

RACHANA N. KOKAL
Company Secretary

Mumbai, May 26, 2020

SUN PHARMA LABORATORIES LIMITED
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	19,013.5	4,172.4
Adjustments for:		
Depreciation and amortisation expense	16,238.5	16,172.3
Loss on sale/write off of property, plant and equipment and intangible assets, net	55.4	6.0
Finance Costs	346.1	1,079.9
Interest Income	(970.7)	(1,973.8)
Net Gain on sale of financial assets measured at fair value through profit or loss	(124.3)	(67.3)
Net Gain arising on financial assets measured at fair value through profit or loss	-	(2.6)
Provision / write off / (reversal) for doubtful trade receivables / advances	48.1	(31.3)
Net unrealised foreign exchange (gain) / loss	307.9	(5.9)
Operating profit before working capital changes	34,914.5	19,349.7
Movements in working capital:		
(Increase) / Decrease in inventories	1,210.5	(1,662.1)
(Increase) / Decrease in trade receivables	(12,382.8)	5,149.1
(Increase) / Decrease in other assets	514.0	(44.3)
Increase / (Decrease) in trade payables	(358.2)	(2,055.4)
Increase / (Decrease) in provisions	489.3	(29.2)
Increase / (Decrease) in other liabilities	248.8	(751.3)
Cash generated from operations	24,636.1	19,956.5
Income tax paid (net of refund)	(5,029.8)	(5,910.7)
Net cash from operating activities (A)	19,606.3	14,045.8
B. Cash flow from investing activities		
Payment for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(3,940.9)	(1,112.6)
Proceeds from disposal of property, plant and equipment and intangible assets	240.1	99.2
Purchase of investments		
Subsidiary	(2.5)	(1.5)
Holding company	(8,454.5)	-
Others	(98,257.5)	(98,089.5)
Proceeds from sale of investments		
Others	100,844.4	100,715.0
Inter corporate deposits		
Given to		
Holding company	(34,742.9)	(15,340.9)
Subsidiary	(718.9)	(164.0)
Others	(127.5)	-
Received back / matured from		
Holding company	22,551.2	21,390.6
Subsidiary	902.0	-
Others	1,875.4	405.2
Bank balance not considered as cash and cash equivalents		
Fixed deposits	-	(755.3)
Fixed deposits matured	768.7	-
Interest received	991.5	1,957.0
Net cash from / (used in) investing activities (B)	(18,071.4)	9,103.2

SUN PHARMA LABORATORIES LIMITED
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	9,974.1	45,989.3
Repayment of borrowings	(6,030.7)	(61,798.1)
Repayment of preference share	-	(400.0)
Finance costs	(150.7)	(1,203.8)
Dividend paid	(4,405.5)	(4,764.5)
Dividend distribution tax	(905.7)	(979.3)
Net cash used in financing activities (C)	(1,518.5)	(23,156.4)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	16.4	(7.4)
Cash and cash equivalents at the beginning of the year	0.8	8.2
Cash and cash equivalents at the end of the year	17.2	0.8
Notes:	As at	As at
	March 31, 2020	March 31, 2019
A Cash and cash equivalents comprises of		
Balances with banks in current account	15.9	0.4
Cash on hand	1.3	0.4
Cash and cash equivalents (Refer note 15)	17.2	0.8
Cash and cash equivalents in cash flow statement	17.2	0.8

B For changes in liabilities arising from financing activities as required under IND AS 7, refer note 37

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

For and on behalf of the Board of Directors of
Sun Pharma Laboratories Limited

per PAUL ALVARES
Partner
Membership No. 105754
Pune, May 26, 2020

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Director
DIN No. : 00005561

KIRTI GANORKAR
Chief Executive Officer

SAILESH T. DESAI
Director
DIN No. : 00005443

RACHANA N. KOKAL
Company Secretary
Mumbai, May 26, 2020

SUN PHARMA LABORATORIES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

₹ in Million

Particulars	Equity share capital	Other equity				Other Comprehensive Income (OCI)	Total	
		Equity component of compound financial instrument	Reserve and surplus					Debt instrument through other comprehensive income
			Capital reserve	Capital redemption reserve	Debt redemption reserve			
Balance as at March 31, 2018	0.5	141.2	185,654.3	# 0.0	1,250.0	9,783.9	(6.2)	196,823.7
Profit for the year	-	-	-	-	-	3,280.9	-	3,280.9
Other comprehensive income for the year	-	-	-	-	-	^ 41.7	(5.6)	36.1
Total comprehensive income for the year	-	-	-	-	-	3,322.6	(5.6)	3,317.0
Payment of dividend - equity shareholders	-	-	-	-	-	(4,750.0)	-	(4,750.0)
Payment of dividend - preference shareholders	-	-	-	-	-	(14.5)	-	(14.5)
Dividend distribution tax	-	-	-	-	-	(979.3)	-	(979.3)
Transfer to capital redemption reserve	-	-	-	400.0	-	(400.0)	-	-
Transfer to retained earnings	-	(141.2)	-	-	(1,250.0)	1,391.2	-	-
Balance as at March 31, 2019	0.5	-	185,654.3	400.0	-	8,353.9	(11.8)	194,396.9
Profit for the year	-	-	-	-	-	16,217.3	-	16,217.3
Other comprehensive income for the year	-	-	-	-	-	^ (84.6)	(0.1)	(84.7)
Total comprehensive income for the year	-	-	-	-	-	16,132.7	(0.1)	16,132.6
Payment of dividend - equity shareholders	-	-	-	-	-	(4,405.5)	-	(4,405.5)
Dividend distribution tax	-	-	-	-	-	(905.7)	-	(905.7)
Issue of bonus share	400.0	-	-	(400.0)	-	-	-	-
Balance as at March 31, 2020	400.5	-	185,654.3	# 0.0	-	19,175.4	(11.9)	205,218.3

(#) ₹ 10,000

^ Represents remeasurements of the defined benefit plans

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors of
Sun Pharma Laboratories Limited

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E/ E300003

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Director
DIN No. : 00005561

per PAUL ALVARES

Partner

Membership No. 105754

Pune, May 26, 2020

KIRTI GANORKAR
Chief Executive Officer

SAILESH T. DESAI
Director
DIN No. : 00005443

RACHANA N. KOKAL
Company Secretary
Mumbai, May 26, 2020

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. General information

Sun Pharma Laboratories Limited ("the Company") is a public limited company incorporated and domiciled in India. The Registered office of the Company is located at Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (East) Mumbai 400063. The Company is in the business of manufacturing, developing and marketing a wide range of branded and generic formulations. The Company has various manufacturing locations spread across the country with trading and other incidental and related activities.

The financial statement were authorised for issue in accordance with a resolution of the directors on May 26, 2020

2. Significant accounting policies

2.1 Statement of compliance

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; and
- (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 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.

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

c. Segment reporting

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

d. Property, plant and equipment

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

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

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

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

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

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 5 to 12 years.

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

De-recognition of intangible assets

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

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

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

g. Impairment of non-financial assets

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

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

An impairment loss is recognised in the profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. Impairment losses recognised in respect

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

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

h. Non-current assets held for sale

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

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

i. Financial instruments

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

Financial assets

Initial recognition and measurement

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

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

amortisation is included in Other Income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

Debt instrument at FVTPL

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

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

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

Equity instruments

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

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

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

Derecognition

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

- The contractual rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash 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.

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

Impairment of financial assets

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound financial instruments

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

Initial recognition and measurement

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

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

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

Derecognition

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

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

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

Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as cross currency swap, principal only swap, options and interest rate swaps to hedge its foreign currency risks and interest rate risks. 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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 2-20 years
- Leasehold land 90-196 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 in substance 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.

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.

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

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

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

l. Cash and cash equivalents

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

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

m. Provisions, contingent liabilities and contingent assets

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

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

Restructuring

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

Onerous contracts

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

Contingent liabilities and contingent assets

Contingent liability is disclosed for,

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

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

Sales returns

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

Contract balances

Contract assets

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

Dividend and interest income

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

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

o. 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.

p. 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.

SUN PHARMA LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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.

q. 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.

r. 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

In Sikkim II & Guwahati where the Company is entitled to a tax holiday under Income Tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

t. Earnings per share

The Company presents 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.

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

u. Recent Accounting pronouncements

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

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.

NOTE : 3 (a)
PROPERTY, PLANT AND EQUIPMENT

Particulars	₹ in Million							Total
	Freehold land	Leasehold land	Buildings	Plant and Equipment	Furniture and fixtures	Vehicles	Office equipments	
At cost or deemed cost								
As at March 31, 2018	38.1	134.4	6,203.6	6,546.0	197.4	83.7	321.5	13,524.7
Additions	-	-	267.9	1,168.9	48.7	7.4	19.7	1,512.6
Disposals	-	-	(0.2)	(35.2)	(0.5)	(10.5)	(12.2)	(58.6)
As at March 31, 2019	38.1	134.4	6,471.3	7,679.7	245.6	80.6	329.0	14,978.7
Additions	-	-	35.9	1,787.9	9.0	21.1	31.3	1,885.2
Disposals	-	-	(0.4)	(254.2)	(0.4)	(13.2)	(5.4)	(273.6)
Reclassified to Right-of-use assets	-	(134.4)	-	-	-	-	-	(134.4)
As at March 31, 2020	38.1	-	6,506.8	9,213.4	254.2	88.5	354.9	16,455.9
Accumulated depreciation and impairment								
As at March 31, 2018	-	16.7	497.7	1,411.0	49.2	34.3	217.7	2,226.6
Depreciation expense	-	1.1	178.7	604.7	25.5	16.8	48.1	874.9
Eliminated on disposals of assets	-	-	-	(22.8)	(0.5)	(7.9)	(12.1)	(43.3)
As at March 31, 2019	-	17.8	676.4	1,992.9	74.2	43.2	253.7	3,058.2
Depreciation expense	-	-	182.4	614.2	26.4	15.3	34.9	873.2
Eliminated on disposals of assets	-	-	-	(11.4)	(0.3)	(11.8)	(4.6)	(28.1)
Reclassified to Right-of-use assets	-	(17.8)	-	-	-	-	-	(17.8)
As at March 31, 2020	-	-	858.8	2,595.7	100.3	46.7	284.0	3,885.5
Net book value								
As at March 31, 2019	38.1	116.6	5,794.9	5,686.8	171.4	37.4	75.3	11,920.5
As at March 31, 2020	38.1	-	5,648.0	6,617.7	153.9	41.8	70.9	12,570.4

Footnotes:

- (i) Building includes ₹ 1.8 Million (March 31, 2019 ₹ 1.8 Million) and ₹ 1,772.0 Million (March 31, 2019 ₹ 1,772.0 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 respectively in a company entitling the right of occupancy and use of premises.
- (ii) The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

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

Particulars	₹ in Million		
	Leasehold land	Buildings	Total
As at March 31, 2019	-	-	-
Recalssified from property, plant and equipment	116.6	-	116.6
Addition on account of transition to Ind AS 116	8.4	169.2	177.6
Depreciation expense	1.2	15.8	17.0
As at March 31, 2020	123.8	153.4	277.2

- (i) For details of Ind AS 116 disclosure refer Note 46.

NOTE : 4
 INTANGIBLE ASSETS

Other than internally generated

Particulars	₹ in Million		
	Computer Software	Product related intangibles	Total
At cost or deemed cost			
As at March 31, 2018	-	137,686.2	137,686.2
Additions	48.1	0.9	49.0
Disposals	-	(158.6)	(158.6)
As at March 31, 2019	48.1	137,528.5	137,576.6
Additions	6.1	2,307.6	2,313.7
Eliminated on disposals of assets	-	-	-
As at March 31, 2020	54.2	139,836.1	139,890.3
Accumulated amortisation and impairment			
As at March 31, 2018	-	45,895.0	45,895.0
Amortisation expense	0.0	15,297.4	15,297.4
Eliminated on disposals of assets	-	(68.7)	(68.7)
As at March 31, 2019	0.0	61,123.7	61,123.7
Amortisation expense	8.3	15,340.0	15,348.3
Eliminated on disposals of assets	-	-	-
As at March 31, 2020	8.3	76,463.7	76,472.0
Net book value			
As at March 31, 2019	48.1	76,404.8	76,452.9
As at March 31, 2020	45.9	63,372.4	63,418.3

* ₹ 21,982

Footnotes

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

(ii) 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.

NOTE : 5

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

Particulars	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)				
Universal Enterprises Private Limited Shares of ₹ 10 each fully paid	450,000	12.5	450,000	12.5
Sun Pharmaceutical Medicare Limited Shares of ₹ 10 each fully paid	250,000	2.5	250,000	2.5
Sun Pharma Distributors Limited Shares of ₹ 10 each fully paid	150,000	1.5	150,000	1.5
RealStone Infra Limited Shares of ₹ 10 each fully paid	250,000	2.5	-	-
		19.0		16.5
Aggregate amount of investments before impairment		19.0		16.5
Aggregate amount of impairment in the value of investments		-		-

NOTE : 6

INVESTMENTS IN ASSOCIATES (NON-CURRENT)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Unquoted (At cost less impairment in value of investments, if any)				
Equity instruments				
Sun Pharma Holdings Ordinary Shares of USD 1 each fully paid	50,000	3.4	50,000	3.4
Preference shares				
Sun Pharma Holdings 5% Optionally Convertible Preference Shares of USD 1 each fully paid	1,300,000,000	91,148.6	1,200,000,000	82,694.1
Limited Liability Partnership				
Generic Solar Power LLP [₹ 28,760 (As at March 31, 2019 ₹ 28,760)]		0.0		0.0
Trumpcard Advisors and Finvest LLP		312.5		312.5
		312.5		312.5
		91,464.5		83,010.0
Aggregate amount of investments before impairment		91,464.5		83,010.0
Aggregate amount of impairment in the value of investments		-		-

NOTE : 7

INVESTMENTS (NON-CURRENT)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Quoted (Fair value through other comprehensive income)				
Investments in Debentures / Bonds				
National Highways Authority of India-8.2 Bonds of ₹ 1,000 each fully paid -January 25, 2022	61,809	64.3	61,809	64.6
Power Finance Corporation Ltd -SR-I 8.2 Bonds of ₹ 1,000 each fully paid - 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 - February 23, 2022	163,131	170.2	163,131	170.0
		383.4		383.6
Aggregate book value (carrying value) of quoted investments		383.4		383.6
Aggregate amount of quoted investments at market value		383.4		383.6

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
8 LOANS (NON-CURRENT)		
Loans to employees / others		
Unsecured, considered good	0.5	1.2
	<u>0.5</u>	<u>1.2</u>
9 OTHER FINANCIAL ASSETS (NON-CURRENT)		
Security deposits (unsecured, considered goods)	172.1	187.0
	<u>172.1</u>	<u>187.0</u>
10 INCOME TAX ASSETS (NET) (NON-CURRENT)		
Advance income tax *	11,116.9	9,320.0
[Net of provisions ₹ 17,381.5 Million (March 31, 2019 : ₹ 14,071.5 Million)]		
	<u>11,116.9</u>	<u>9,320.0</u>
*Includes amount paid under protest		
11 OTHER ASSETS (NON-CURRENT)		
Capital advances	2,071.6	1,076.2
Prepaid expenses	1.8	-
Balances with government authorities*	65.1	66.2
	<u>2,138.5</u>	<u>1,142.4</u>
*Includes amount paid under protest		
12 INVENTORIES		
Lower of cost and net realisable value		
Raw materials and packing materials	2,941.5	2,810.8
Goods-in-transit	155.8	180.6
	<u>3,097.3</u>	<u>2,991.4</u>
Work-in-progress	617.0	666.2
Finished goods	1,030.3	1,697.1
Goods-in-transit	-	241.1
	<u>1,030.3</u>	<u>1,938.2</u>
Stock-in-trade	294.3	654.7
Stores and Spares	9.0	7.9
	<u>5,047.9</u>	<u>6,258.4</u>

(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 ₹ 1233.4 Million (As at March 31, 2019: ₹ 1,151.2Million). 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 during the year is disclosed in Notes 31, 32 and 35 and as "Purchases of stock-in-trade" in the statement of profit and loss.

NOTE : 13
 INVESTMENTS (CURRENT)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Unquoted - (Fair value through profit and loss) Investment in mutual funds * Units of Face Value of ₹ 1,000 each fully paid				
BNP Paribas Mutual Fund- BNP Paribas overnight Fund-Direct Plan Growth Option	-	-	348,468	1,001.0
Baroda Pioneer Mutual Fund Baroda Pioneer Liquid Fund - Plan B Growth	-	-	232,661	500.6
Reliance Mutual Fund Reliance Liquid Fund-Direct-Growth	-	-	210,659	961.0
		-		2,462.6

* Investments in Mutual funds have been valued at closing Net asset value (NAV)

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
14 TRADE RECEIVABLES		
Unsecured		
Considered good	16,256.7	3,922.0
Credit impaired	144.6	106.7
	<u>16,401.3</u>	<u>4,028.7</u>
Less: Allowance for doubtful debts (expected credit loss allowance)	(144.6)	(106.7)
	<u>16,256.7</u>	<u>3,922.0</u>
15 CASH AND CASH EQUIVALENTS		
Balances with banks		
In current accounts	15.9	0.4
Cash on hand	1.3	0.4
	<u>17.2</u>	<u>0.8</u>
16 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 15 ABOVE		
Deposit accounts	7.1	775.8
	<u>7.1</u>	<u>775.8</u>
17 LOANS (CURRENT)		
Unsecured considered good unless otherwise stated		
Loans to employees / other parties (*)	819.6	2,622.8
Loans to related parties (refer note 48) (*)	13,180.2	1,171.5
	<u>13,999.8</u>	<u>3,794.3</u>
(*) Loan given to various parties at prevailing market rates for the purpose of their business		
18 OTHER FINANCIAL ASSETS (CURRENT)		
Security deposits (unsecured, considered goods)	8.3	-
Interest accrued	16.1	36.9
Refund due from Government Authorities (refer note 54)	2,533.2	2,489.8
	<u>2,557.6</u>	<u>2,526.7</u>
19 OTHER ASSETS (CURRENT)		
Prepaid expenses	40.2	46.1
Advances for supply of goods and services	278.3	187.2
Balances with government authorities*	1,339.4	1,916.7
	<u>1,657.9</u>	<u>2,150.0</u>

* Includes balances of Goods and Services Tax

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
20 SHARE CAPITAL		
Authorised		
50,000,000 (March 31, 2019 50,000,000) equity shares of ₹ 10 each	500.0	500.0
Issued, subscribed and fully paid up		
40,050,000 (March 31, 2019 50,000) equity shares of ₹ 10 each (refer note 43)	400.5	0.5
	<u>400.5</u>	<u>0.5</u>
21 OTHER EQUITY		
Refer statement of changes in equity for detailed movement in other equity balance		
A. Reserves and surplus		
Capital reserve	185,654.3	185,654.3
Capital redemption reserve (March 31, 2020 : ₹ 10,000)	0.0	400.0
Retained earnings	19,175.4	8,353.9
	<u>204,829.7</u>	<u>194,408.2</u>
B. Items of other comprehensive Income (OCI)		
Debt instrument through OCI	(11.9)	(11.8)
Total of other equity	<u>204,817.8</u>	<u>194,396.4</u>

Nature and purpose of reserves

Capital reserve - Capital reserve was created pursuant to the scheme of arrangement in the nature of spin off and transfer of domestic formulation undertaking of the holding company to the Company as approved by the Hon'ble High Court of Gujarat and Hon'ble High Court of Bombay.

Capital redemption reserve - This reserve was created on redemption of preference shares and is a non distributable reserve.

Debt instruments through other comprehensive income - 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.

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
22 BORROWINGS (NON-CURRENT)		
Unsecured		
Long term Loans from Banks (refer note 47)	7,250.4	-
Lease liabilities (Refer Note 46)	155.4	-
	<u>7,405.8</u>	<u>-</u>
23 OTHER FINANCIAL LIABILITIES (NON-CURRENT)		
Derivatives not designated as hedge	193.3	-
	<u>193.3</u>	<u>-</u>
24 PROVISIONS (NON-CURRENT)		
Employee benefits	654.7	410.9
	<u>654.7</u>	<u>410.9</u>
25 BORROWINGS (CURRENT)		
Unsecured		
Commercial paper	-	2,989.9
Loans repayable on demand		
From Banks		
Unsecured	81.4	-
	<u>81.4</u>	<u>2,989.9</u>
26 OTHER FINANCIAL LIABILITIES (CURRENT)		
Interest accrued	0.2	-
Security deposits	5.8	16.4
Lease liabilities (Refer Note 46)	9.4	-
Payables on purchase of property, plant and equipment	138.1	161.2
Temporary overdrawn bank balance as per books	-	124.0
Others (refer note 57)	662.3	-
	<u>815.8</u>	<u>301.6</u>
27 OTHER LIABILITIES (CURRENT)		
Statutory remittances	222.1	501.0
Advances from customers	4.9	4.9
	<u>227.0</u>	<u>505.9</u>
28 PROVISIONS (CURRENT)		
Employee benefits	193.7	168.3
Product returns (refer note 49)	2,180.7	1,830.5
	<u>2,374.4</u>	<u>1,998.8</u>

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	₹ in Million	
	For Year ended March 31, 2020	For Year ended March 31, 2019
29 REVENUE FROM OPERATIONS		
Revenue from contracts with customers (refer note 55, note 56)	67,104.6	43,910.8
Other operating revenues (refer note 54)	1,436.5	1,183.2
	<u>68,541.1</u>	<u>45,094.0</u>
30 OTHER INCOME		
Interest Income on :		
Bank deposits at amortised cost	8.9	64.0
Loans at amortised cost	781.2	808.2
Other financial assets carried at amortised cost	147.6	1,028.3
Others (includes interest on income tax refund)	33.0	73.3
Net gain on sale of financial assets measured at fair value through profit or loss	124.3	67.3
Net gain arising on financial assets measured at fair value through profit or loss	-	2.6
Insurance claims	18.8	49.3
Lease rental and hire charges	183.4	51.8
Miscellaneous income	4.1	4.7
	<u>1,301.3</u>	<u>2,149.5</u>
31 COST OF MATERIALS CONSUMED		
Raw materials and packing materials		
Inventories at the beginning of the year	2,991.4	2,722.8
Purchases during the year	9,868.3	9,398.2
Inventories at the end of the year	(3,097.3)	(2,991.4)
	<u>9,762.4</u>	<u>9,129.6</u>
CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Inventories at the beginning of the year	3,259.2	1,851.4
Inventories at the end of the year	(1,941.6)	(3,259.2)
	<u>1,317.6</u>	<u>(1,407.8)</u>
33 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	6,890.9	6,028.7
Contribution to provident and other funds *	368.8	344.1
Staff welfare expense	82.8	85.6
	<u>7,342.5</u>	<u>6,458.4</u>
* includes gratuity expense of ₹ 111.9 Million (March 31, 2019 : ₹ 114.9 Million)		
34 FINANCE COSTS		
Interest expense for financial liabilities carried at amortised cost	150.0	1,079.9
Exchange difference regarded as an adjustment to borrowing cost	182.5	-
Interest expense others (includes interest on income tax and lease liability)	13.6	-
	<u>346.1</u>	<u>1,079.9</u>

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	₹ in Million	
	For Year ended March 31, 2020	For Year ended March 31, 2019
35 OTHER EXPENSES		
Consumption of material, stores and spare parts	329.6	304.0
Conversion and other manufacturing charges	266.4	564.1
Power and fuel	430.1	417.3
Rent	12.5	39.9
Rates and taxes	175.2	43.6
Insurance	141.3	136.6
Selling, promotion and distribution	2,989.8	3,010.3
Commission on sales	163.9	9.8
Repairs and maintenance	232.4	243.4
Printing and stationery	103.1	97.3
Travelling and conveyance	2,239.1	2,250.5
Freight outward and handling charges	193.4	169.3
Communication	65.9	75.5
Provision / write off / (reversal) for doubtful trade receivables / advances	48.1	(31.3)
Professional, legal and consultancy	938.1	365.2
Donations	491.9	195.9
Loss on sale/write off of property, plant and equipment and intangible assets, net	55.4	6.0
Net (gain)/ loss on foreign currency transactions and translations	307.9	(2.9)
Payments to auditors (net of taxes, where applicable)		
For audit	6.6	5.4
For other services	-	0.9
Reimbursement of expenses	0.7	0.5
Miscellaneous expenses	638.2	390.7
	<u>9,829.6</u>	<u>8,292.0</u>
36 TAX RECONCILIATION		
Reconciliation of Income tax expense		
Profit before tax	19,013.5	4,172.4
Enacted income tax rate (%) applicable to the Company #	34.944%	34.944%
Income tax expenses calculated at enacted income tax rate	6,644.0	1,458.0
Effect of expenses that are not deductible in determining taxable profit	5,496.2	5,401.3
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	(31.8)	(13.4)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(43.4)	(24.4)
Others	(2,360.7)	-
Tax Payable under MAT	3,310.0	911.0
Income tax expense recognised in the statement of profit and loss	<u>2,796.2</u>	<u>891.5</u>
# 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 Income Tax Law.		

Note : 37

Changes in financial Liabilities arising from financing activities

₹ in Million

Particulars	As at March 31, 2019	Cash Flows	Non-cash changes			As at March 31, 2020
			Acquisition / Foreign Exchange Movement	Fair Value Changes	Others	
Borrowings	2,989.9	3,968.7	255.8	-	117.4	7,331.8
Derivatives not designated as hedge	-	36.7	(36.7)	193.3	-	193.3

NOTE : 38

A CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

Particulars	As at	As at
	March 31, 2020	March 31, 2019
i Contingent liabilities		
Liabilities disputed - appeals filed with respect to		
Income tax on account of disallowances / additions (Company appeals)	14,457.3	9,565.0
Excise duty	828.4	915.6
Note includes, interest till the date of demand, wherever applicable		
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.		
Footnote:		
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 ₹ 18,716.4 Million (31 March 2019 ₹ 8,526.0 Million). These matters are sub-judice in various forums and pertain to various financial years.		
ii Commitments		
Estimated amount of contracts remaining to be executed on capital account [net of advances] *	367.9	396.2
Letters of credit for imports	4.5	0.4
For derivatives related commitments refer Note 40		
Lease related commitments refer Note 46		
* The Company is committed to pay milestone payments and royalty on certain contracts, however, obligation to pay is contingent upon fulfillment of contractual obligation by parties to the contract.		
B Guarantees given by the bankers on behalf of the Company	378.0	453.6

NOTE : 39

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	As at	As at
	March 31, 2020	March 31, 2019
Debt (includes non-current, current borrowings, current maturities of long term debt and temporary overdrawn bank balance as per books)	7,496.6	3,113.9
Less : cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments	24.3	3,239.2
Net debt	7,472.3	(125.3)
Total equity (excluding capital reserve)	19,163.5	8,742.6
Net debt to equity ratio	39%	N.A.

(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		
Interim dividend for the year ended March 31, 2020 ₹ 110 per fully paid equity share (Final dividend for the year ended March 31, 2019 of ₹ NIL.)	4,405.5	4,750.0
Dividend distribution tax on above	905.7	976.3

(iii) Dividend on preference shares paid during the year	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Dividend on preference shares.		
The Company has made payment of preference dividend of ₹ 10 per preference share of ₹ 100 each during the previous year for year ended March 31, 2019, which is treated as final dividend	-	14.5
Dividend distribution tax on above	-	3.0

NOTE : 40

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 analyse 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 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.

Particulars	₹ 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	16,200.4	3,877.1
180 - 365 days	64.5	3.8
beyond 365 days	136.4	147.8
Total	16,401.3	4,028.7

Particulars	₹ 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	106.7	138.0
Addition	43.8	(29.0)
Recoveries	(5.9)	(2.3)
Balance at the end of the year	144.6	106.7

Other than Trade receivables, the Company has no significant class of financial assets that are past due but not impaired.

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 had unutilised working capital lines from banks of ₹ 570 Million as on March 31, 2020, ₹ 2,300 Million as on March 31, 2019.

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

Particulars	₹ in Million			
	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2020
Non derivative				
Borrowings	81.4	4,850.3	2,555.5	7,487.2
Trade payables	4,501.8	-	-	4,501.8
Other financial liabilities	815.8	-	-	815.8
Derivative				
	-	128.9	64.4	193.3
	5,399.0	4,979.2	2,619.9	12,998.1

Particulars	₹ in Million			
	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2019
Non derivative				
Borrowings	3,000.0	-	-	3,000.0
Trade payables	4,855.4	-	-	4,855.4
Other financial liabilities	301.6	-	-	301.6
	8,157.0	-	-	8,157.0

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 operating activities in foreign currencies.

Foreign exchange risk

The Company's foreign exchange risk arises mainly from its foreign currency expenses, (primarily in US Dollars (USD), Euros (EUR), Israeli New Shekel (ILS)) and Japanese Yen (JPY). As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's expenses measured in Indian Rupees may decrease 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.

a) Significant foreign currency risk exposure relating to borrowings and trade payables

Particulars	As at March 31, 2020					Total
	USD	EUR	ILS	JPY	Others	
Financial liabilities						
Trade payables	213.2	15.0	1.1	* 0.0	0.4	229.7
Borrowing	3,771.5	-	-	3,478.9	-	7,250.4
	3,984.7	15.0	1.1	3,478.9	0.4	7,480.1

* ₹ 5,119

Particulars	As at March 31, 2019				Total
	USD	EUR	ILS	Others	
Financial liabilities					
Trade payables	147.9	19.3	1.8	3.9	172.9
	147.9	19.3	1.8	3.9	172.9

b) Sensitivity

For the years ended March 31, 2020 and March 31, 2019, every 5% Strengthening of the Indian Rupee on the above mentioned financial liabilities would decrease Company's profit and equity by approximately ₹ 374.0 million and ₹ 8.2 Million respectively. A 5% Strengthening of the Indian Rupee on the above mentioned financial liabilities would lead to an equal but opposite effect.

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

c) Derivative contracts

The Company is exposed to exchange rate risk that arises from its foreign exchange expenses, primarily in US Dollars, Japanese Yen, Israeli New Shekel and foreign currency debt is primarily in US Dollars and Japanese Yen (JPY). The Company uses foreign currency swap contracts ("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.

Changes in the fair value of derivatives 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 derivatives, 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 -

Particulars	Currency	Buy / Sell	Cross Currency	Amount in Million	
				As at March 31, 2020	As at March 31, 2019
Derivatives not designated as hedges					
Currency swaps	JPY	Buy	USD	\$ 47.3	-

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 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 ₹ 36.3 Million. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2020, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE :41

CATEGORIES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

₹ in Million

Particulars	As at March 31,2020		
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
In debentures/bonds	-	383.4	-
Trade receivables	-	-	16,256.7
Cash and cash equivalents	-	-	17.2
Bank balances other than above	-	-	7.1
Loans to employees / other parties	-	-	820.1
Loans to related parties	-	-	13,180.2
Other financial assets			
Interest accrued	-	-	16.1
Security deposits	-	-	180.4
Refund due from government authorities	-	-	2,533.2
	-	383.4	33,011.0
Financial liabilities			
Borrowings	-	-	7,487.2
Trade payables	-	-	4,501.8
Other financial liabilities	-	-	815.8
Derivatives not designated as hedge	193.3	-	-
	193.3	-	12,804.8

₹ in Million

Particulars	As at March 31,2019		
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
In mutual funds	2,462.6	-	-
In debentures/bonds	-	383.6	-
Trade receivables	-	-	3,922.0
Cash and cash equivalents	-	-	0.8
Bank balances other than above	-	-	775.8
Loans to employees / other parties	-	-	2,624.0
Loans to related parties	-	-	1,171.5
Other financial assets			
Interest accrued	-	-	36.9
Security deposits	-	-	187.0
Refund due from government authorities	-	-	2,079.4
	2,462.6	383.6	10,797.5
Financial liabilities			
Borrowings	-	-	2,989.9
Trade payables	-	-	4,855.4
Other financial liabilities	-	-	301.6
	-	-	8,146.9

Particulars	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 debentures/bonds	383.4	-	-
	383.4	-	-
Financial liabilities			
Derivatives not designated as hedge	-	193.3	-
	-	193.3	-

Particulars	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 mutual funds	2,462.6	-	-
In debentures/bonds	383.6	-	-
	2,846.2	-	-

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

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

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

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

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

NOTE : 42

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.

Particulars	₹ 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	89.9	98.1
	89.9	98.1

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 : 43

DISCLOSURES RELATING TO SHARE CAPITAL

A Rights, Preferences and Restrictions attached to shares and repayment terms of capital

The Company has two classes of shares referred to as equity shares having a par value of ₹ 10 per share and 10% Redeemable Non cumulative Preference Shares having par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. Holder of Preference shares are not entitled to any voting rights but enjoy preferential rights in respect of payments of dividend, if any, and repayment of capital, if any. The Preference Shares were redeemed at par in the Previous year.

B EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period				
Opening balance carried over as closing balance	50,000	0.5	50,000	0.5
Add: bonus share during the year	4,00,00,000	400.0		
Closing Balance	4,00,50,000	400.5	50,000	0.5

Details of shareholders holding more than 5% in the Company

Name of equity shareholders	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
Sun Pharmaceutical Industries Limited (holding and ultimate holding company)	4,00,50,000	100%	50,000	100%

4,00,00,000 equity shares have been issued as bonus during the year by capitalising capital redemption reserve. No equity shares bought back during the period of five years immediately preceding the reporting date.

C PREFERENCE SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Authorised Share capital				
Redeemable Preference shares of ₹100 each	40,00,000	400.0	40,00,000	400.0
Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period				
Opening balance	-	-	40,00,000	400.0
Less: Redeemed during the year	-	-	(40,00,000)	(400.0)
Closing Balance	-	-	-	-

Details of shareholders holding more than 5% in the Company

Name of preference shareholders	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
Sun Pharmaceutical Industries Limited (Holding and Ultimate Holding Company)	-	-	40,00,000	100%

NOTE : 44

EARNINGS PER SHARE

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Profit for the year (₹ in Million)	16,217.3
Less: Preference dividend and dividend tax (₹ in Million)	-	(17.5)
Profit for the year (₹ in Million) - used as numerator for calculating basic earnings per share	16,217.3	3,263.4
Weighted average number of shares used in computing basic earnings per share	4,00,50,000	4,00,50,000
Nominal value per share (in ₹)	10	10
Earnings per share (in ₹)	404.9	81.5

The company has issued 4,00,00,000 bonus shares of ₹ 10 each during the year. Previous year EPS is restated for giving effect of issue of bonus shares.

NOTE : 45

EMPLOYEE BENEFIT PLAN

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 ₹ 256.9 Million (March 31, 2019 : ₹ 229.2 Million).

Particulars	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Provident Fund and Family Pension Fund	252.4	223.6
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	4.4	5.5
Contribution to Labour Welfare Fund	0.1	0.1

Defined benefit plan

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

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 charge to the Statement of Profit and Loss amounting to ₹ 212.4 Million (March 31, 2019 ₹ 163.3 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

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

Particulars	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Expense recognised in the statement of profit and loss (Refer Note 33)		
Current service cost	101.6	94.8
Interest cost	57.6	57.4
Expected return on plan assets	(47.3)	(37.3)
Expense charged to the statement of profit and loss	111.9	114.9
Remeasurement of defined benefit obligation recognised in other comprehensive income		
Actuarial loss/(gain) on defined benefit obligation	134.2	(67.8)
Actuarial loss/(gain) on plan assets	(4.1)	3.6
Income charged to other comprehensive income	130.1	(64.2)
Reconciliation of defined-benefit obligations		
Obligation as at the beginning of the year	809.7	765.6
Current service cost	101.6	94.8
Interest cost	57.6	57.4
Benefits paid	(45.9)	(40.2)
Actuarial (gains)/losses on obligations		
- due to change in demographic assumptions	42.4	(6.5)
- due to change in financial assumptions	26.0	(60.6)
- due to experience	65.8	(0.7)
Obligation as at the year end	1,057.2	809.7

₹ in Million

Particulars	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)	1,057.2	809.7
Fair value of plan assets	(780.4)	(665.3)
Net liability recognised in the financial statement	276.8	144.4
Reconciliation of plan assets		
Plan assets as at the beginning of the year	665.3	498.0
Expected return	47.3	37.3
Actuarial gain	4.1	(3.6)
Employer's contribution during the year	109.6	173.8
Benefits paid	(45.9)	(40.2)
Plan assets as at the year end	780.4	665.3

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Assumption		
Discount rate	6.50%	7.10%
Expected return on plan assets	6.50%	7.10%
Expected rate of salary increase	9.38% to 10.00%	10.00%
Interest rate guarantee	N.A.	N.A.
Mortality	Indian Assured Lives Morality (2012-14)	Indian Assured Lives Morality (2006-08)
Employee turnover	12.40% - 13.45%	15.80%
Retirement Age (years)	60	60

₹ in Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity (Funded)	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	(71.1)	(44.9)
Delta effect of -1% change in discount rate	80.9	50.1
Delta effect of +1% change in salary escalation rate	77.8	48.4
Delta effect of -1% change in salary escalation rate	(69.8)	(44.3)
Delta effect of +1% change in rate of employee turnover	(14.7)	(7.4)
Delta effect of -1% change in rate of employee turnover	16.5	8.2
Maturity analysis of projected benefit obligation		
1st year	137.8	129.8
2nd year	120.8	118.5
3rd year	112.0	111.2
4th year	110.7	96.6
5th year	127.5	91.3
Thereafter	1,266.5	798.4
The major categories of plan assets are as under :		
Insurer managed funds (Funded with LIC)	780.4	665.3
The contribution expected to be made by the Company for gratuity, for financial year ending on March 31, 2021 is ₹ 392.6 Million (Previous Year ₹ 228.9 Million)		

*The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a reasonable change in key assumption occurs at the end of the reporting period.

NOTE : 46
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 exercised judgement in determining whether extension and termination options are reasonably certain to be exercised. Expenses relating to short-term leases and low-value assets for the year ended March 31, 2020 is ₹ 11.6 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	23.2
Later than one year and not later than five years	80.7
Later than five years	236.0

₹ in Million	
	As at March 31, 2020
Movement of lease liabilities	
Opening balance	-
Addition on account of transition to Ind AS 116	177.6
Interest on lease liabilities	12.6
Payment towards lease liabilities	(25.4)
Closing balance	164.8

b) The Company has obtained certain premises for its business operations (including furniture and fittings therein, as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under lease and license or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits where applicable in accordance with the agreed terms. These refundable security deposits have been valued at amortised cost under relevant Ind AS. The company does not have any minimum lease payment commitment in respect of assets taken on non cancellable operating lease.

NOTE : 47
BORROWINGS

Details of long term borrowings

Unsecured External Commercial Borrowings (ECBs) has 1 loan of USD 50 Million (March 31, 2019 : USD Nil) equivalent to ₹ 3,771.5 Million (March 31, 2019 : ₹ Nil) and 1 loan of JPY 5000.0 Million (March 31, 2019 : JPY Nil) equivalent to ₹ 3,478.9 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) USD 50 Million (March 31, 2019 : USD 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 USD 16.67 Million each. The first installment of USD 16.67 Million is due on August 30, 2021, second installment of USD 16.67 Million is due on August 29, 2022 and last installment of USD 16.67 Million is due on August 29, 2023.
- (b) JPY 5000.0 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 1667 Million each. The first installment of JPY 1667 Million is due on August 30, 2021, second installment of JPY 1667 Million is due on August 29, 2022 and last installment of JPY 1667 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 in different currencies at floating rate linked to applicable Libor (1.79% as at March 31, 2020).

NOTE : 48

- a) RELATED PARTY DISCLOSURES AS PER ANNEXURE "A"
b) LOANS GIVEN TO RELATED PARTY

Particulars	₹ in Million			
	As at March 31, 2020	Maximum balance March 31, 2020	As at March 31, 2019	Maximum balance March 31, 2019
Loans outstanding from a subsidiary*				
Sun Pharmaceutical Medicare Limited	978.0	1,171.5	1,171.5	1,171.5
Sun Pharma Distributors Limited	10.4	629.7		
Loans outstanding from holding company*				
Sun Pharmaceutical Industries Limited	12,191.8	12,726.9	-	10,248.7

* Includes interest accrued on loan amounting to ₹ 588.3 Million in March 31, 2020 and ₹ 82.2 Million in March 31, 2019. These loans have been granted to the above entities for the purpose of their business.

NOTE : 49

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:

Particulars	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
	Product and Sales related *	Product and Sales related *
At the commencement of the year	1,830.5	1,877.3
Add: Provision for the year	1,299.9	880.8
Less: Utilisation / Settlement / reversal	(949.7)	(927.6)
At the end of the year	2,180.7	1,830.5

(*) includes provision for product returns

NOTE : 50

DEFERRED TAX LIABILITIES (NET)

₹ in Million

Particulars	Opening Balance as at April 01, 2019	Recognised in profit and loss	Recognised in other comprehensive Income	Closing Balance as at March 31, 2020
Deferred tax liabilities 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	(1,084.9)	(460.3)		(1,545.2)
Total deferred tax liabilities	(1,084.9)	(460.3)	-	(1,545.2)
Deferred tax assets in relation to: Allowance for doubtful debts	37.3	13.2	-	50.5
Expenses claimed for tax purpose on payment basis	182.1	48.6	45.5	276.2
Others	14.0	(14.0)	-	-
MAT credit entitlement	292.2	926.3	-	1,218.5
Total deferred tax assets	525.6	974.1	45.5	1,545.2
Deferred tax liabilities (Net)	(559.3)	513.8	45.5	-

Unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the follow:	As at	
	March 31, 2020	March 31, 2019
Tax losses (Capital in nature)	948.2	1,081.6
Unused tax credits (MAT credit entitlement)	5,933.9	5,160.4
	6,882.1	6,242.0
The unused tax credit will expire from financial year 2031-32 to 2034-35 and unused tax losses will expire from financial year 2021-22 to 2025-27		

NOTE : 51

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof ₹ 170.5 Million (March 31, 2019 ₹ 202.1 Million), included in other expenses.

Details of CSR expenditure

- Gross amount required to be spent by the Company during the year 2019-20 ₹ 166.0 million (March 31, 2019 ₹ 198.5 million)

₹ in Million

Particulars	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 purposes other than (i) above	170.5	-	170.5
Amount spent during the year ended on March 31, 2019:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	201.7	0.4	202.1

NOTE : 52

The Company holds intangible assets of the Domestic Formulation undertaking transferred to the Company on and with effect from the close of business hours on March 31, 2012, pursuant to the scheme of arrangement approved by the Hon'ble High Courts, in the nature of spin off and transfer of the said undertaking without consideration by Sun Pharmaceutical Industries Limited, the Holding Company. These were accounted at fair value on the basis of an Independent Professional Valuer's report. The carrying value and remaining amortisation period of such assets is ₹ 60,930.8 Million (March 31, 2019 ₹ 75,163.5 Million) and 4 years (March 31, 2019 5 years) respectively. The amortisation of intangible assets over 12 years 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.

NOTE : 53

The Company has only one reportable segment namely 'Pharmaceuticals'.

NOTE : 54

In Compliance with Ind AS 20 on Government Grants, the amount of budgetary support under Goods and Service Tax, GST Refunds, to be received from the Government of India amounting to ₹ 1713.5 Million (March 31, 2019 ₹ 1,289.8 Million) in relation to the existing eligible units under the different Industrial Promotion Scheme have been recognised as "Other Operating Income". The Company received capital subsidy of Rs. 231.0 million which has been adjusted from carrying value of assets.

NOTE : 55

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.

NOTE : 56

REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018 which does not require restatement of comparative period. The Company elected to apply the standard to all contracts as at April 01, 2018. There is no impact to be recognised at the date of initial application as an adjustment to the opening balance of retained earnings.

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

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price (net of return)	69,062.1	45,767.4
Less:		
Provision for sales return	(350.2)	46.8
Rebates, discounts and price reduction	(1,607.3)	(1,903.3)
	(1,957.5)	(1,856.5)
Revenue from contract with customers	67,104.6	43,910.9

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Contract balances		
Trade receivables	16,256.7	3,922.0
Contract liabilities	(4.9)	(4.9)

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of upfront revenue received from customer for which performance obligation has not yet been completed. The performance obligation is satisfied when control of goods and services are transferred to customer based on the contractual term. Payment term with customer vary depending upon the contractual terms of each contract.

NOTE : 57

The Honble 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 notification in relation thereto, had held that the amendments to original notification restricting the central excise refund are clarificatory in nature. Based on judgement by the Honble Supreme Court of India, an amount of ₹ 1042.8 million including interest has been charged in the statement of profit and loss and has been disclosed as an Exceptional item.
Exceptional items [Refer Note 2(2.2)(r)]

NOTE : 58

The Company continues to monitor the impact of the 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 for impairment of intangibles, investments and inventory, based on the information available to date, while preparing the Company's financial statement as of and for the year ended 31st March, 2020.

NOTE : 59

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 judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

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

Property, plant and equipment [Refer Note 2(2.2)(d)]

Intangible assets [Refer Note 2(2.2)(e)]

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration no. 324982E/ E300003

For and on behalf of the Board of Directors of
Sun Pharma Laboratories Limited

C. S. MURALIDHARAN
Chief Financial Officer

SUDHIR V. VALIA
Director
DIN No. : 00005561

per **PAUL ALVARES**
Partner
Membership No. 105754
Pune, May 26, 2020

KIRTI GANORKAR
Chief Executive Officer

SAILESH T. DESAI
Director
DIN No. : 00005443

RACHANA N. KOKAL
Company Secretary
Mumbai, May 26, 2020

(I) Names of related parties and description of their relationships

1 Holding Company

Sun Pharmaceutical Industries Limited

2 Wholly Owned Subsidiary

Universal Enterprises Private Limited
 Sun Pharmaceutical Medicare Limited
 Sun Pharma Distributors Limited (Refer Footnote 1)
 Realstone Infra Limited (Refer Footnote 2)

3 Fellow Subsidiaries

Sun Pharmaceutical Industries, Inc.
 Aditya Acquisition Company Limited
 Neetnav Real Estate Private Limited
 Sun Pharmaceutical Industries (Europe) B.V.
 Foundation for Disease Elimination and Control of India

Zenotech Laboratories Limited
 Sun Pharma ANZ Pty Ltd
 Sun Pharma Japan Limited
 Taro Pharmaceutical Industries Ltd

4 Key Management Personnel (KMP)

Sudhir Vrundavandas Valia
 Sailesh Trambaklal Desai
 Kalyanasundaram Iyer Natesan Subramanian (Refer Footnote 4)
 Kirti Wardhaman Ganorkar (w.e.f. July 04, 2019)

Non-Executive Director (DIN No. : 0000556 1)
 Non-Executive Director (DIN No. : 0000544 3)
 Non-Executive Director (DIN No. : 00179072)
 Chief Executive Officer

5 Others (Entities in which the KMP and relatives of KMP have control or Significant influence)

Makov Associates Ltd.
 Shantilal Shanghvi Foundation
 Alfa Infraprop Pvt. Ltd.
 Sidmak Laboratories (India) Private Limited
 Aditya Medisales Limited
 Ramdev Chemicals Private Limited (upto April 25, 2019)
 Sun Pharma Advanced Research Company Limited
 United Medisales Private Limited
 Sun Petrochemical Private Limited
 Dhendai Tea and Industries Private Limited
 PV Power Technologies Pvt Ltd
 Shanghvi Finance Private Limited (Refer Footnote 3)

Footnote

1 Incorporated on March 19, 2019

2 Incorporated on February 01, 2020

3 Solares Therapeutic Private Limited and Virtuous Finance Private Limited have been amalgamated with Shanghvi Finance Private Limited w.e.f. October 23, 2018

4 Designation change from Whole-time Director & CEO to Non- Executive Director of Sun Pharma Laboratories Limited with effect from July 4, 2019

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(II) Detail of related party transaction during the year ended March 31, 2020

Type of Transaction	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods	2,618.4	1,603.5
Holding Company	2,540.9	1,433.6
Subsidiaries	3.6	20.6
Fellow Subsidiaries	-	0.1
Others	73.9	149.2
Purchase of property, plant and equipment	47.9	21.9
Holding Company	6.8	20.2
Subsidiaries	0.7	1.7
Fellow Subsidiaries	6.9	-
Others	33.5	-
Purchase of intangible assets	-	55.9
Others	-	55.9
Revenue from contracts with customers, net of returns	57,345.4	44,087.8
Holding Company	1,843.6	1,308.1
Subsidiaries	55,391.3	12.1
Others	110.5	42,767.6
Sale of property, plant and equipment	11.1	105.2
Holding Company	11.1	105.2
Receiving of service	1,017.7	829.4
Holding Company	362.3	410.2
Fellow Subsidiaries	6.3	8.9
Others	649.1	410.3
Reimbursement of expenses paid	241.6	40.1
Holding Company	22.0	4.6
Subsidiaries	0.1	-
Fellow Subsidiaries	41.3	35.3
Others	178.2	0.2
Rendering of service	279.1	135.9
Holding Company	279.1	135.9
Reimbursement of expenses received	41.7	1.2
Holding Company	-	1.1
Subsidiaries	41.7	0.1
Investment and equity contributions	2.5	1.5
Subsidiaries	2.5	1.5
Redemption of preference share	-	400.0
Holding Company	-	400.0
Loans given	34,808.1	15,430.9
Holding Company	34,178.4	15,340.9
Subsidiaries	629.7	90.0
Loans received back	23,387.8	21,774.3
Holding Company	22,494.7	21,774.3
Subsidiaries	893.1	-
Purchase of investment in Sun Pharma Holding	8,454.5	-
Holding Company	8,454.5	-
Interest income	801.1	1,535.3
Holding Company	564.5	426.4
Subsidiaries	209.1	82.2
Others	27.5	1,026.7
Rent income	175.5	21.0
Holding Company	175.5	-
Others	-	21.0
Rent expense / Payment towards Lease Liabilities	21.3	25.9
Holding Company	12.4	17.0
Subsidiaries	0.3	0.3
Fellow Subsidiaries	0.8	0.8
Others	7.8	7.8
Donation	61.4	123.8
Fellow Subsidiaries	54.3	48.8
Others	7.1	75.0
Remuneration	56.8	55.4
Key management personnel	56.8	55.4

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

SUN PHARMA LABORATORIES LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Balance Outstanding as at the end of the year		
Receivables	16,105.9	3,845.5
Holding Company	27.5	-
Subsidiaries	16,044.7	2.8
Fellow Subsidiaries	1.5	1.5
Others	32.2	3,841.2
Payable	215.7	618.3
Holding Company	-	464.2
Subsidiaries	4.9	4.9
Fellow Subsidiaries	35.9	21.1
Key management personnel	-	2.7
Others	174.9	125.4
Loan given	13,180.2	1,171.5
Holding Company	12,191.8	-
Subsidiaries	988.4	1,171.5
Lease Liabilities	149.9	-
Holding Company	73.0	-
Subsidiaries	3.5	-
Others	73.4	-
Security Deposit given	88.0	88.0
Fellow Subsidiaries	87.5	87.5
Others	0.5	0.5

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.