

Independent Auditor's Report

To the Members of Sun Pharmaceutical Industries Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone Ind AS financial statements of Sun Pharmaceutical Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute

of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Litigations (as described in Note 39 of the standalone Ind AS financial statements)	
<p>The Company is involved in various legal proceedings including product liability, contracts, employment claims, Department of Justice (DOJ) investigations, anti-trust and other regulatory matters relating to conduct of its business.</p> <p>The Company assesses the need to make provision or to disclose a contingent liability on a case-to-case basis considering the underlying facts of each litigation.</p> <p>The eventual outcome of the litigations is uncertain and estimation at balance sheet date involves extensive judgement of Management including input from legal counsel due to complexity of each litigation. Adverse outcomes could significantly impact the Company's reported profit and balance sheet position.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Evaluated the design and tested the operating effectiveness of controls in respect of the identification, evaluation of litigations, the recording/re-assessment of the related liabilities, provisions and disclosures. • Obtained a list of litigations from the Company's in-house legal counsel; identified material litigations from the aforementioned list and performed inquiries with the said counsel; obtained and read the underlying documents to assess the assumptions used by management in arriving at the conclusions. • Circulated, obtained and read legal confirmations from Company's external legal counsels in respect of material litigations and considered that in our assessment.

Key audit matter	How our audit addressed the key audit matter
<p>Considering the judgement involved in determining the need to make a provision or disclose as contingent liability, the matter is considered a key audit matter.</p>	<ul style="list-style-type: none"> Read the disclosures related to provisions and contingent liabilities in the standalone Ind AS financial statements to assess consistency with underlying documents.
<p>Tax litigations and recognition of deferred tax assets (as described in Note 9 and 39 of the standalone Ind AS financial statements)</p>	
<p>The Company has significant tax litigations for which the Company assesses the outcome on a case-to-case basis considering the underlying facts of each tax litigation. Adverse outcomes could significantly impact the Company's reported profit and balance sheet position.</p> <p>The assessment of outcome of litigations involves significant judgement which is dependent on the facts of each case, supporting judicial precedents and legal opinions of external and internal legal counsels and hence has been considered as a Key Audit Matter.</p> <p>Recognition of deferred tax assets involves the assessment of its recoverability within the allowed time frame involves significant estimate of the financial projections, availability of sufficient taxable income in the future and also involves significant judgements in the interpretation of tax regulations and tax positions adopted by the Company.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations/Deferred tax and the recording and re-assessment of the related liabilities/assets and provisions and disclosures. Obtained complete list of ongoing tax litigations from management along-with their assessment of the cases based on past precedents, judgements and matters in the jurisdiction, legal opinions sought by management, correspondences with tax department etc. Engaged tax specialists, to evaluate management's assessment of the outcome of these litigations. Our specialists considered legal precedence and other rulings in evaluating management's position on these tax litigations. Tested management's assumptions including forecasts and sensitivity analysis in respect of recoverability of deferred taxes on unabsorbed depreciation/carry forward losses. Evaluated disclosures of the tax positions, tax loss carry forwards and tax litigations in the standalone Ind AS financial statements.
<p>Identification and disclosures of Related Parties (as described in Note 51 of the standalone Ind AS financial statements)</p>	
<p>The Company has related party transactions which include, amongst others, sale and purchase of goods/services to its subsidiaries, associates, joint ventures and other related parties and lending and borrowing to its subsidiaries, associates and joint ventures.</p> <p>We focused on identification and disclosure of related parties in accordance with relevant accounting standards as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. Obtained a list of related parties from the Company's Management and traced the related parties to declarations given by directors, where applicable, and to Note 51 of the standalone Ind AS financial statements. Read minutes of the meetings of the Board of Directors and Audit Committee Tested material creditors/debtors, loan outstanding/loans taken to evaluate existence of any related party relationships; tested transactions based on declarations of related party transactions given to the Board of Directors and Audit Committee. Evaluated the disclosures in the standalone Ind AS financial statements for compliance with Ind AS 24.
<p>COVID-19: Impact on financial reporting and audit procedures (as described in Note 56(12) of the standalone Ind AS financial statements)</p>	
<p>Coronavirus disease 2019 ("COVID-19), was declared a global pandemic by World Health Organisation. COVID-19 has caused severe disruptions, caused by Government actions, consequent business decisions or economic environment developments. As a measure for containment of COVID19, lockdowns were imposed by Governments in various geographies where the Company operates.</p> <p>The extent to which COVID-19 impacts the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain or treat its impact. It has led to the reassessment of certain assumptions and judgements used in preparation of financial statements. Further,</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Inquired with the Company on Government actions including tax breaks and incentives, consequent business decisions, subsequent events and other economic developments which could have an impact on the financial statements and ascertained whether the impact has been appropriately recorded. Inquired with management the exposure to litigation or financial penalties that could adversely impact the Company's financial results in case of material interruption of supply and invocation of failure to supply clauses in several long-term contracts with customers in various geographies, including the United States. Obtained and read the relevant agreements and correspondence

Key audit matter	How our audit addressed the key audit matter
<p>the lockdown restrictions caused by COVID-19 has also necessitated alternative audit procedures to be used and required us to exercise significant judgement on their use.</p>	<p>with customers and legal counsel to assess the appropriateness of the impact of such clauses.</p> <ul style="list-style-type: none"> ● Revisited the assumptions in the ECL model to assess if any change was required to incorporate the impact of COVID-19. ● Assessed the impact of COVID-19 on assumptions in matters involving use of significant judgements and estimations. Such matters are described in section Litigations & Tax litigations and recognition of deferred tax assets of our audit report. ● Regular inventory counts which are performed as at year-end could not be performed and hence alternative procedures have been performed and the inventory balances have been rolled back to year-end. The alternative procedures also involved, engaging independent Chartered Accountants to conduct post year-end stock counts and roll back procedures under our direction and supervision in locations where it was impracticable for us to do.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting

frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 25 and 29 to the standalone Ind AS financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except a sum of ₹1.05 Million, which is held in abeyance due to pending legal cases.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **PAUL ALVARES**

Partner

Membership No. : 105754

UDIN: 20105754AAAACS2010

Place of Signature: Pune

Date: May 27, 2020

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

RE: SUN PHARMACEUTICAL INDUSTRIES LIMITED (“THE COMPANY”)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company, except for the following immovable properties for which registration of title deeds is in process:

Type of asset	Total number of cases	Gross Block as on March 31, 2020 (₹ Million)	Net Block as on March 31, 2020 (₹ Million)	Remarks
Freehold Land including building located thereon	8	238.11	221.25	The title deeds are in the name of erstwhile companies that were merged with the Company under relevant provisions of the Companies Act, 1956/2013 in terms of approval of the Honorable High Courts of respective states.
Leasehold Land	3	272.35	270.49	

- In respect of building where the Company is entitled to the right of occupancy and use and disclosed as property, plant and equipment in the standalone Ind AS financial statements, we report that the instrument entitling the right of occupancy and use of building, are in the name of the Company as at the balance sheet date.
- (ii) The inventory has been physically verified by management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans, making investments and providing guarantees and securities as applicable. During the year, the Company has not granted any loans to parties covered under section 185 of the Act.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of pharmaceutical products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues,

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

- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess, wherever applicable and which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Forum where the dispute is pending	Year to which it pertains	Amount (₹ Million)*
Income Tax Act, 1961	Income Tax, Interest and Penalty	Income Tax Appellate Tribunal (ITAT)	Various years from 2006-07 to 2011-12	12,566.32
Income Tax Act, 1961	Income Tax, Interest and Penalty	Commissioner of Income Tax (Appeals)	Various years from 2009-10 to 2014-15	460.83
Income Tax Act, 1961	Income Tax and Interest	High Court	Various years from 2007-08	41.55
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi	Various years from 2003-04 to 2015-16	699.78
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner (Appeals)	Various years from 2003-04 to 2017-18	35.88
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	High Court	Various years from 2003-04 to 2013-14	4.88
Finance Act, 1994	Service Tax	Assistant/Additional/Senior Joint Commissioner	Various years from 2004-05 to 2017-18	37.78
Finance Act, 1994	Service Tax	CESTAT	Various years from 2013-14 to 2015-16	2.29
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Assistant/Additional/Senior Joint Commissioner	Various years from 1999-00 to 2016-17	39.01
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Appellate Authority	Various years from 1998-99 to 2015-16	1.90
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	Tribunal	Various years from 1998-99 to 2013-14	2.89
Sales Tax Act/VAT (Various States)	Sales Tax, Interest and Penalty	High Court	Various years from 1999-00 to 2010-11	43.10
Custom Act, 1962	Customs Duty, Penalty and Interest	Commissioner (Appeals)	Various years from 2008-09 to 2014-15	21.62
Custom Act, 1962	Customs Duty, Penalty and Interest	CESTAT	Various years from 2010-11 to 2012-13	115.97

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

- (viii) In our opinion and according to the information and explanations given by management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company did not have any outstanding dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company did not raise any money by way of initial public offer/further public offer/debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and according to the information and explanations given by management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by management, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by management, the Company has not entered into any non-cash transactions with directors or

persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **PAUL ALVARES**

Partner

Membership No. : 105754

UDIN: 20105754AAAACS2010

Place of Signature: Pune

Date: May 27, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Sun Pharmaceutical Industries Limited

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

We have audited the internal financial controls over financial reporting of Sun Pharmaceutical Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating

effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

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

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **PAUL ALVARES**

Partner

Membership No. : 105754

UDIN: 20105754AAAACS2010

Place of Signature: Pune

Date: May 27, 2020

Standalone Balance Sheet

as at March 31, 2020

₹ in Million

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3 (a) & 3 (b)	49,103.1	47,092.1
(b) Capital work-in-progress		3,843.5	4,562.5
(c) Goodwill	4	1,208.0	1,208.0
(d) Other Intangible assets	4	1,976.3	1,484.1
(e) Intangible assets under development		2,122.6	1,862.9
(f) Investments in the nature of equity in subsidiaries	5	169,581.1	175,907.7
(g) Financial assets			
(i) Investments	6	85.4	653.9
(ii) Loans	7	7.4	10.0
(iii) Other financial assets	8	849.3	546.1
(h) Deferred tax assets (Net)	9	11,397.1	7,517.0
(i) Income tax assets (Net)	10	20,780.2	21,101.2
(j) Other non-current assets	11	3,738.1	3,498.1
Total non-current assets		264,692.1	265,443.6
(2) Current assets			
(a) Inventories	12	26,336.7	27,926.2
(b) Financial assets			
(i) Investments	13	3,950.7	2,479.5
(ii) Trade receivables	14	61,681.3	50,314.7
(iii) Cash and cash equivalents	15	2,205.0	3,027.6
(iv) Bank balances other than (iii) above	16	4,342.8	380.1
(v) Loans	17	4,485.9	2,947.3
(vi) Other financial assets	18	7,584.2	11,150.1
(c) Other current assets	19	8,824.6	13,472.2
Total current assets		119,411.2	111,697.7
TOTAL ASSETS		384,103.3	377,141.3

Standalone Balance Sheet

as at March 31, 2020

₹ in Million

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	2,399.3	2,399.3
(b) Other equity	21	241,562.9	226,036.8
Total equity		243,962.2	228,436.1
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	12,566.9	14,225.0
(ii) Other financial liabilities	23	161.7	10.2
(b) Other non-current liabilities	24	1,455.5	181.0
(c) Provisions	25	13,919.6	1,570.7
Total non-current liabilities		28,103.7	15,986.9
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	45,053.3	44,280.5
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	45	461.8	659.8
(b) total outstanding dues of creditors other than micro and small enterprises		22,887.1	20,889.4
(iii) Other financial liabilities	27	26,218.6	36,878.7
(b) Other current liabilities	28	6,437.2	4,572.6
(c) Provisions	29	10,979.4	25,437.3
Total current liabilities		112,037.4	132,718.3
Total liabilities		140,141.1	148,705.2
TOTAL EQUITY AND LIABILITIES		384,103.3	377,141.3

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

SUNIL R. AJMERA
Company Secretary

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

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

Standalone Statement of Profit and Loss

for the year ended March 31, 2020

Particulars	Notes	₹ in Million	
		Year ended March 31, 2020	Year ended March 31, 2019
(I) Revenue from operations	30	125,319.3	103,032.1
(II) Other income	31	15,109.2	12,714.4
(III) Total income (I + II)		140,428.5	115,746.5
(IV) EXPENSES			
Cost of materials consumed	32	32,017.1	27,277.1
Purchases of stock-in-trade		12,274.1	11,968.5
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	1,386.0	(2,513.0)
Employee benefits expense	34	17,027.7	15,713.4
Finance costs	35	4,080.1	5,409.2
Depreciation and amortisation expense	3 (a), 3 (b) & 4	5,615.6	5,529.5
Other expenses	36	35,140.8	30,893.1
Net loss on foreign currency transactions		357.1	2,130.4
Total expenses (IV)		107,898.5	96,408.2
(V) PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III - IV)		32,530.0	19,338.3
(VI) Exceptional item	56 (2)	-	12,143.8
(VII) PROFIT BEFORE TAX (V - VI)		32,530.0	7,194.5
(VIII) TAX EXPENSE/(CREDIT)			
Current tax	38	3,864.6	15.5
Deferred tax	9 & 38	(3,446.0)	(987.0)
Total tax expense /(credit) (VIII)		418.6	(971.5)
(IX) PROFIT FOR THE YEAR (VII - VIII)		32,111.4	8,166.0
(X) OTHER COMPREHENSIVE INCOME			
A) Items that will not be reclassified to the statement of profit or loss			
a. Gain /(loss) on remeasurement of the defined benefit plans		(286.4)	165.0
Income tax on above		100.1	(57.7)
b. Gain /(loss) on equity instrument through other comprehensive income		(38.6)	(52.1)
Income tax on above		13.5	18.2
Total - (A)		(211.4)	73.4
B) Items that may be reclassified to the statement of profit or loss			
a. Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		(929.2)	535.2
Income tax on above		324.7	(187.0)
b. Gain/(loss) on debt instrument through other comprehensive income		12.1	2.9
Income tax on above		(4.2)	(1.0)
c. Foreign currency translation reserve [gain/(loss)]		-	2,173.4
Income tax on above		-	(759.5)
Total - (B)		(596.6)	1,764.0
Total other comprehensive income (A+B) (X)		(808.0)	1,837.4
(XI) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		31,303.4	10,003.4
Earnings per equity share (face value per equity share - ₹1)	46		
Basic (in ₹)		13.4	3.4
Diluted (in ₹)		13.4	3.4

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholetime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

₹ in Million

Particulars	Equity share capital	Reserve and surplus					Other equity				Other comprehensive income (OCI)			Total
		Capital reserve	Securities premium	Amalgamation reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instrument through OCI	Debt instrument through OCI	Foreign currency translation reserve	Effective portion of cash flow hedges			
Balance as at March 31, 2018	2,399.3	53,575.2	11,929.1	43.8	7.5	34,779.3	120,370.0	60.0	(10.1)	72.0	-	-	-	223,226.1
Profit for the year	-	-	-	-	-	-	8,166.0	-	-	-	-	-	-	8,166.0
Other comprehensive income for the year	-	-	-	-	-	-	^ 107.3	(33.9)	1.9	1,413.9	348.2	-	-	1,837.4
Total comprehensive income for the year	-	-	-	-	-	-	8,273.3	(33.9)	1.9	1,413.9	348.2	-	-	10,003.4
Payment of dividend	-	-	-	-	-	-	(4,791.6)	-	-	-	-	-	-	(4,791.6)
Dividend distribution tax	-	-	-	-	-	-	(5.6)	-	-	-	-	-	-	(5.6)
Issue of equity shares	@ 0.0	-	3.8	-	-	-	-	-	-	-	-	-	-	3.8
Balance as at March 31, 2019	2,399.3	53,575.2	11,932.9	43.8	7.5	34,779.3	123,846.1	26.1	(8.2)	1,485.9	348.2	-	-	228,436.1
Profit for the year	-	-	-	-	-	-	32,111.4	-	-	-	-	-	-	32,111.4
Other comprehensive income for the year	-	-	-	-	-	-	^ (186.3)	(25.1)	7.9	-	(604.5)	-	-	(808.0)
Total comprehensive income for the year	-	-	-	-	-	-	31,925.1	(25.1)	7.9	-	(604.5)	-	-	31,303.4
Payment of dividend	-	-	-	-	-	-	(13,789.6)	-	-	-	-	-	-	(13,789.6)
Dividend distribution tax	-	-	-	-	-	-	(1,928.9)	-	-	-	-	-	-	(1,928.9)
Expenditure on buy-back of shares [Refer Note 56(8)]	-	-	(58.8)	-	-	-	-	-	-	-	-	-	-	(58.8)
Balance as at March 31, 2020	2,399.3	53,575.2	11,874.1	43.8	7.5	34,779.3	140,052.7	1.0	(0.3)	1,485.9	(256.3)	-	-	243,962.2

^ Represents remeasurements of the defined benefit plans

@ : ₹11,790

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholtime Director
(DIN: 00005443)

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

SUNIL R. AJMERA
Company Secretary

Standalone Cash Flow Statement

for the year ended March 31, 2020

Particulars	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	32,530.0	7,194.5
Adjustments for:		
Depreciation and amortisation expense	5,615.6	5,529.5
Loss on sale/write off of property, plant and equipment and intangible assets, net	51.0	341.0
Finance costs	4,080.1	5,409.2
Interest income	(700.6)	(1,293.6)
Dividend income on investments	(9,258.3)	(8,909.3)
Net gain arising on financial assets measured at fair value through profit or loss	(7.2)	(2.0)
Net gain on sale of financial assets measured at fair value through profit or loss	(121.4)	(113.0)
Net (gain)/loss on sale of financial assets measured at fair value through other comprehensive income	(0.4)	0.1
Gain on sale of investment in subsidiary	(2,244.3)	(1,862.4)
Provision/write off/(reversal) for doubtful trade receivables/advances	535.4	(147.0)
Sundry balances written back, net	(17.3)	(35.6)
Provision/(reversal) in respect of losses of a subsidiary	(2,502.9)	366.9
Effect of exchange rate changes	2,399.4	5,202.8
Operating profit before working capital changes	30,359.1	11,681.1
Movements in working capital:		
(Increase)/decrease in inventories	1,589.5	(6,569.8)
(Increase)/decrease in trade receivables	(9,217.2)	1,698.5
(Increase)/decrease in other assets	2,975.3	(1,302.3)
(Decrease)/increase in trade payables	940.6	(4,012.0)
(Decrease)/increase in other liabilities	(10,222.7)	15,677.5
(Decrease)/increase in provisions	4.5	(4,376.9)
Cash generated from operations	16,429.1	12,796.1
Income tax paid (net of refund)	(3,370.6)	(374.3)
Net cash generated from operating activities (A)	13,058.5	12,421.8
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(5,718.0)	(5,967.1)
Proceeds from disposal of property, plant and equipment and intangible assets	63.5	123.1
Loans/Inter corporate deposits		
Given to		
Subsidiary companies	(1,508.7)	(2,934.3)
Others	-	(500.0)
Received back/matured from		
Subsidiary companies	128.2	303.3
Others	-	820.0
Purchase of investments		
Others	(148,662.5)	(170,975.8)
Proceeds from sale/redemption of investments		
Subsidiary companies	8,570.9	8,580.4
Others	147,862.4	168,834.8
Bank balances not considered as cash and cash equivalents		
Fixed deposits/margin money placed	(278.6)	(3,077.0)
Fixed deposits/margin money matured	551.5	3,173.0
Interest received	283.5	1,192.0
Dividend received from		
Subsidiary companies	13,500.7	4,764.5
Others (March 31, 2019 : ₹30,000)	-	0.0
Net cash from investing activities (B)	14,792.9	4,336.9
C. Cash flow from financing activities		
Proceeds from issue of equity shares on exercise of stock options/share application money received	-	3.8
Proceeds from borrowings		
Subsidiary company	34,178.4	15,340.9
Others	71,362.2	155,882.9
Repayment of borrowings		
Subsidiary companies [@]	(22,670.7)	(21,390.6)
Others [@]	(90,001.1)	(157,039.8)

Standalone Cash Flow Statement

for the year ended March 31, 2020

₹ in Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Transfer to escrow account for buy-back *	(4,250.0)	-
Payment for share buy-back expenses	(58.8)	-
Finance costs	(1,550.7)	(2,675.7)
Dividend paid	(13,791.9)	(4,801.8)
Dividend distribution tax	(1,928.9)	(5.6)
Net cash used in financing activities (C)	(28,711.5)	(14,685.9)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(860.1)	2,072.8
Cash and cash equivalents at the beginning of the year	3,027.6	978.0
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	37.5	(23.2)
Cash and cash equivalents at the end of the year	2,205.0	3,027.6

@ Includes payment of lease obligation for the year ended March 31, 2020.

* Represents amount transferred to escrow account in compliance with Securities and Exchange Board of India (Buy-back of Securities) Regulation, 2018. [Refer Note 56 (8)]

Notes:

Cash and cash equivalents comprises of

₹ in Million

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	2,197.0	3,023.3
Cash on hand	8.0	4.3
Cash and cash equivalents in cash flow statement (Refer Note 15)	2,205.0	3,027.6

Change in financial liability/asset arising from financing activities

₹ in Million

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Borrowings #	Derivatives, net [(Liabilities)/Asset]	Borrowings	Derivatives, net [(Liabilities)/Asset]
Opening balance	64,366.4	214.7	68,840.1	754.1
Changes from financing cash flows	(6,833.0)	(228.7)	(7,206.6)	(827.8)
Effect of changes in foreign exchange rates	3,767.7	14.0	2,277.7	73.7
Changes in fair value	-	(161.7)	-	214.7
Other changes	545.9	-	455.2	-
Closing balance	61,847.0	(161.7)	64,366.4	214.7

For movement of lease liabilities, Refer Note 48

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

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholtime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE 1. GENERAL INFORMATION

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

The standalone financial statement were authorised for issue in accordance with a resolution of the directors on May 27, 2020.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2019.

2.2 Basis of preparation and presentation

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements except for the policy described in (j) below which has been applied from the period beginning April 01, 2019.

a. Current vs. Non-current

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

b. Foreign currency

On initial recognition, transactions in currencies other than the Company's functional currency (foreign currencies) are translated at exchange rates on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate on that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction

for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings (see note 2.2.r).

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.2.i below for hedging accounting policies).
- exchange differences relating to the translation of the results and the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to statement of profit or loss account on the disposal of the foreign operation.

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

c. Segment reporting

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

d. Property, plant and equipment

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

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

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

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

The estimated useful lives are as follows:

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

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred. The capitalised costs are amortised over the lower of the estimated useful life of the software and the remaining useful life of the tangible fixed asset.

e. Goodwill and Other Intangible assets

Goodwill

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

Other Intangible assets

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

Research and development

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

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

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

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

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

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

The estimated useful lives for Product related intangibles and Other intangibles ranges from 3 to 20 years.

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

De-recognition of intangible assets

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

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

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

g. Impairment of non-financial assets

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

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

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

h. Non-current assets held for sale

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

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

i. Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Debt instrument at FVTOCI

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

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

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

Debt instrument at FVTPL

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

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

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

Equity instruments

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

by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

Derecognition

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

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

Impairment of financial assets

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments

issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

Compound financial instruments

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

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

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

Derecognition

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and

how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

(i) Fair value hedges

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

(ii) Cash flow hedges

The effective portion of changes in the fair value of the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Treasury shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

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

Dividend distribution to equity holders of the Company

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

j. Leases

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

Company as a lessee

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

i) Right-of-use assets

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

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

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

ii) Lease Liabilities

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

Company as a lessor

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

k. Inventories

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

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

Cost of work-in-progress and finished goods comprises direct material, direct labour and an

appropriate proportion of variable and fixed overhead expenditure.

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

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

l. Cash and cash equivalents

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

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

m. Provisions, contingent liabilities and contingent assets

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring

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

Onerous contracts

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

Contingent liabilities and contingent assets

Contingent liability is disclosed for,

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

n. Revenue

Sale of goods

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

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

Profit Sharing Revenues

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Out-licensing arrangements

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

Sales returns

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

Contract balances

Contract assets

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

customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

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

Contract liabilities

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

Rendering of services

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

Royalties

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

o. Dividend and interest income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

p. Government grants

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

q. Employee benefits

Defined benefit plans

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

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise

and is reflected immediately in retained earnings and is not reclassified to profit or loss.

Termination benefits

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

Short-term and Other long-term employee benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

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

Defined contribution plans

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Share-based payment arrangements

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

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

r. Borrowing costs

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

s. Income tax

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

basis, or to realise the asset and settle the liability simultaneously.

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

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

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

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

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

t. Earnings per share

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

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

u. Business combination

The Company uses the acquisition method of accounting to account for business combinations that occurred on or after April 01, 2015. The acquisition date is generally the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control,

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

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

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

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

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

v. Exceptional items

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

w. Recent Accounting pronouncements

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

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 3 (a) PROPERTY, PLANT AND EQUIPMENT

₹ in Million

	Freehold land	Leasehold land	Buildings	Buildings - leased	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost									
As at March 31, 2018	1,041.2	562.4	14,160.1	16.9	39,431.5	958.2	481.1	758.1	57,409.5
Foreign currency translation reserve	-	-	-	-	39.2	-	-	-	39.2
Additions	106.4	367.2	490.9	-	7,065.3	48.3	67.7	207.9	8,353.7
Disposals	(0.1)	-	(2.7)	-	(487.3)	(5.3)	(88.7)	(8.0)	(592.1)
As at March 31, 2019	1,147.5	929.6	14,648.3	16.9	46,048.7	1,001.2	460.1	958.0	65,210.3
Additions	0.1	-	380.5	-	4,008.9	71.3	54.5	182.6	4,697.9
Disposals	-	-	(1.6)	-	(148.3)	(1.8)	(83.8)	(11.8)	(247.3)
Reclassified to Right-of-use assets	-	(929.6)	-	-	-	-	-	-	(929.6)
As at March 31, 2020	1,147.6	-	15,027.2	16.9	49,909.3	1,070.7	430.8	1,128.8	68,731.3
Accumulated depreciation and impairment									
As at March 31, 2018	-	20.6	1,468.7	1.5	10,891.4	415.2	219.2	387.7	13,404.3
Foreign currency translation reserve	-	-	-	-	21.4	-	-	-	21.4
Depreciation expense	-	11.0	495.9	0.5	4,068.7	104.8	93.9	160.7	4,935.5
Disposals	-	-	(0.2)	-	(182.0)	(4.0)	(49.9)	(6.9)	(243.0)
As at March 31, 2019	-	31.6	1,964.4	2.0	14,799.5	516.0	263.2	541.5	18,118.2
Depreciation expense	-	-	455.3	-	4,000.3	92.8	76.4	168.2	4,793.0
Disposals	-	-	(0.2)	-	(94.8)	(1.2)	(60.9)	(10.0)	(167.1)
Reclassified to Right-of-use assets	-	(31.6)	-	-	-	-	-	-	(31.6)
As at March 31, 2020	-	-	2,419.5	2.0	18,705.0	607.6	278.7	699.7	22,712.5
Net book value									
As at March 31, 2019	1,147.5	898.0	12,683.9	14.9	31,249.2	485.2	196.9	416.5	47,092.1
As at March 31, 2020	1,147.6	-	12,607.7	14.9	31,204.3	463.1	152.1	429.1	46,018.8

Footnotes

- (i) Buildings include ₹8,620.0 (As at March 31, 2019 : ₹8,620.0) towards cost of shares in a co-operative housing society and also includes ₹1.1 Million (As at March 31, 2019 : ₹1.1 Million) and ₹1,133.0 Million (As at March 31, 2019 : ₹1,133.0 Million) towards cost of non-convertible preference shares of face value of ₹10/- each and compulsorily convertible debentures of face value of ₹10,000/- each in a Company respectively entitling the right of occupancy and use of premises and also includes ₹4.5 Million (March 31, 2019 : ₹4.5 Million) towards cost of flats not registered in the name of the Company but is entitled to right of use and occupancy.
- (ii) For details of assets pledged as security refer Note 50.
- (iii) The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

₹ in Million

	Leasehold Land	Building	Plant and equipment	Total
As at March 31, 2019	-	-	-	-
Reclassified from Property, plant and equipment	898.0	-	-	898.0
Addition on account of transition to Ind AS 116	200.1	282.0	3.6	485.7
Addition	-	9.5	1,857.3	1,866.8
Less : Depreciation expense	14.5	95.6	56.1	166.2
As at March 31, 2020	1,083.6	195.9	1,804.8	3,084.3

Footnote

(i) For details of Ind AS 116 disclosure refer Note 48.

NOTE : 4 GOODWILL/OTHER INTANGIBLE ASSETS

Other than internally generated

₹ in Million

	Computer Software	Product related intangibles	Goodwill	Total
At cost or deemed cost				
As at March 31, 2018	1,048.4	6,060.7	1,208.0	8,317.1
Foreign currency translation reserve	0.4	438.3	-	438.7
Additions	705.5	204.2	-	909.7
Disposals	(0.7)	(261.7)	-	(262.4)
As at March 31, 2019	1,753.6	6,441.5	1,208.0	9,403.1
Additions	433.7	749.2	-	1,182.9
Disposals	(17.8)	(102.9)	-	(120.7)
As at March 31, 2020	2,169.5	7,087.8	1,208.0	10,465.3
Accumulated amortisation and impairment				
As at March 31, 2018	513.4	5,363.2	-	5,876.6
Foreign currency translation reserve	0.4	387.4	-	387.8
Amortisation expense	244.8	349.2	-	594.0
Disposals	(0.6)	(146.8)	-	(147.4)
As at March 31, 2019	758.0	5,953.0	-	6,711.0
Amortisation expense	414.5	241.9	-	656.4
Disposals	(16.3)	(70.1)	-	(86.4)
As at March 31, 2020	1,156.2	6,124.8	-	7,281.0
Net book value				
As at March 31, 2019	995.6	488.5	1,208.0	2,692.1
As at March 31, 2020	1,013.3	963.0	1,208.0	3,184.3

Footnotes

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

(ii) Refer Note 56 (1)

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Equity instruments				
Unquoted (At cost less impairment in value of investments, if any)				
Sun Pharmaceutical Industries, Inc.				
Common shares of no par value	8,387,666	304.2	8,387,666	304.2
Sun Farmaceutica do Brasil Ltda				
Quota of Capital Stock of Real 1 each fully paid	4,019	18.3	4,019	18.3
Sun Pharma De Mexico, S.A. DE C.V.				
Common Shares of no Face Value	750	3.3	750	3.3
Sun Pharmaceutical (Bangladesh) Limited				
Ordinary Shares of 100 Takas each fully paid	434,469	36.5	434,469	36.5
Share application money		31.6		31.6
Sun Pharmaceutical Peru S.A.C.				
Ordinary Shares of Soles 10 each fully paid [₹21,734 (March 31, 2019: ₹21,734)]	149	0.0	149	0.0
SPIL DE Mexico S.A. DE CV				
Nominative and free Shares of 500 Mexican Pesos each fully paid	100	0.2	100	0.2
OOO "Sun Pharmaceutical Industries" Limited				
Par value rouble stock fully paid 5,250,000 Rouble (March 31, 2019: 5,250,000 Rouble)	1	8.8	1	8.8
Green Eco Development Centre Limited				
Shares of ₹10 each fully paid	700,000	7.0	700,000	7.0
Sun Pharma De Venezuela, C.A.				
Shares of Bolivars (Bs.F.) 100 each, Bolivars (Bs.F.) 50 per share paid	1,000	0.5	1,000	0.5
Sun Pharma Laboratories Limited				
Shares of ₹10 each fully paid	40,050,000	1.5	50,000	1.5
Faststone Mercantile Company Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Foundation for Disease Elimination and Control of India				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Neetnav Real Estate Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Realstone Multitrade Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Skisen Labs Private Limited				
Shares of ₹10 each fully paid	16,360,000	163.6	16,360,000	163.6
Less: Impairment in value of investment		(163.6)		(163.6)
		-		-
Softdeal Trading Company Private Limited				
Shares of ₹10 each fully paid	10,000	0.1	10,000	0.1
Sun Pharma Holdings				
Shares of US\$1 each fully paid	855,199,716	54,031.5	855,199,716	54,031.5
Sun Pharma (Netherlands) B.V. [formerly known as Ranbaxy (Netherlands) B.V.]				
Ordinary Shares of Euro 100 each fully paid	5,473,340	39,877.3	5,473,340	39,877.3

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Sun Pharma France [formerly known as Ranbaxy Pharmacie Generiques SAS]				
Ordinary Shares of Euro 1 each fully paid	-	-	24,117,250	4,709.1
Less: Impairment in value of investment		-		(4,709.1)
		-		-
Ranbaxy Malaysia Sdn. Bhd.				
Ordinary Shares of RM 1 each fully paid	3,189,248	37.0	3,189,248	37.0
Ranbaxy Nigeria Limited				
Ordinary Shares of Naira 1 each fully paid	-	-	13,070,648	8.6
Quoted (At cost less impairment in value of investments, if any)				
Zenotech Laboratories Limited				
Shares of ₹10 each fully paid	35,128,078	3,318.5	35,128,078	3,318.5
Less: Impairment in value of investment		(1,737.8)		(1,737.8)
		1,580.7		1,580.7
		95,938.9		95,947.5
Preference shares - unquoted (At cost)				
Sun Pharma Holdings				
5% Optionally Convertible Preference Shares US\$1 each fully paid	1,165,593,148	73,642.2	1,265,593,148	79,960.2
		169,581.1		175,907.7
Aggregate amount of unquoted investments before impairment		168,164.0		179,199.7
Aggregate book value (carrying value) of quoted investments before impairment		3,318.5		3,318.5
Aggregate amount of impairment in value of investments		1,901.4		6,610.5
Aggregate amount of quoted investments at market value		516.4		746.5

NOTE : 6 INVESTMENTS (NON-CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Other investments				
Investments in equity instruments				
Quoted (Fair value through other comprehensive income)				
Krebs Biochemicals and Industries Limited				
Shares of ₹10 each fully paid	1,050,000	81.6	1,050,000	120.2
Unquoted (Fair value through profit and loss)				
Enviro Infrastructure Co. Limited				
Shares of ₹10 each fully paid	100,000	1.0	100,000	1.0
Shimal Research Laboratories Limited				
Shares of ₹10 each fully paid	9,340,000	934.0	9,340,000	934.0
Less: Impairment in value of investment		(934.0)		(934.0)
		-		-
Shivalik Solid Waste Management Limited				
Shares of ₹10 each fully paid	20,000	0.2	20,000	0.2
Biotech Consortium India Limited				
Shares of ₹10 each fully paid	50,000	0.5	50,000	0.5
Less: Impairment in value of investment		(0.5)		(0.5)
		-		-
Nimbua Greenfield (Punjab) Limited				
Shares of ₹10 each fully paid	140,625	1.4	140,625	1.4

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Watsun Infrabuild Private Limited	124,007	1.2	110,832	1.1
Shares of ₹10 each fully paid				
		85.4		123.9
Investments in government securities				
Quoted (Fair value through other comprehensive income)				
8.01% Government of Rajasthan UDAY 2020				
Bond of ₹1 each fully paid maturing June 23, 2020	-	-	27,400,000	27.1
7.62% Government of Telangana UDAY 2026				
Bond of ₹1 each fully paid maturing March 7, 2026	-	-	100,000,000	98.4
7.98% Government of Telangana UDAY 2030				
Bond of ₹1 each fully paid maturing March 7, 2030	-	-	100,000,000	100.1
8.24% Government of Tamil Nadu UDAY 2028				
Bond of ₹1 each fully paid maturing March 22, 2028	-	-	50,000,000	50.8
8.11% Government of Chhattisgarh SDL 2028				
Bond of ₹1 each fully paid maturing January 31, 2028	-	-	200,000,000	202.2
8.29% Government of West Bengal SDL 2028				
Bond of ₹1 each fully paid maturing February 21, 2028	-	-	50,000,000	51.4
Unquoted (Amortised cost)				
National savings certificates		0.0		0.0
[₹10,000 (March 31, 2019: ₹10,000)]				
		0.0		530.0
		85.4		653.9
Aggregate book value (carrying value) of quoted investments		81.6		650.2
Aggregate amount of quoted investments at market value		81.6		650.2
Aggregate amount of unquoted investments before impairment		938.3		938.2
Aggregate amount of impairment in value of investments		934.5		934.5

NOTE : 7 LOANS (NON-CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Loans to employees/others		
Secured, considered good	3.4	3.1
Unsecured, considered good	4.0	6.9
	7.4	10.0

NOTE : 8 OTHER FINANCIAL ASSETS (NON-CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Deposits	0.9	1.4
Security deposits (unsecured, considered good)	414.3	424.0
Derivatives not designated as hedges	-	120.7
Unbilled revenue (Refer Note 55)	434.1	-
	849.3	546.1

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 9 DEFERRED TAX ASSETS (NET)

₹ in Million

	Opening balance April 01, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance March 31, 2020
Deferred tax (liabilities)/assets in relation to:				
Difference between written down value of property, plant and equipment, intangible assets and capital work-in-progress as per books of accounts and income tax	(5,832.2)	59.5	-	(5,772.7)
Difference in carrying value and tax base of financial assets of investments	(14.3)	(5.4)	9.3	(10.4)
Derivatives designated as hedges	(187.0)	0.3	324.7	138.0
Deferred revenue	-	532.5	-	532.5
Other liabilities	(724.2)	724.2	-	-
Allowance for doubtful debts and advances	601.6	148.1	-	749.7
Expenses claimed for tax purpose on payment basis	353.8	94.9	100.1	548.8
Unabsorbed depreciation/carried forward losses	5,800.8	(1,989.0)	-	3,811.8
Other assets	1.5	0.8	-	2.3
	-	(434.1)	434.1	-
MAT credit entitlement	7,517.0	3,880.1	-	11,397.1
	7,517.0	3,446.0	434.1	11,397.1

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :		
Tax losses	76,652.8	81,976.0
Tax losses (Capital in nature)*	10,690.2	743.5
Unabsorbed depreciation	28,634.9	37,767.1
Unused tax credits (MAT credit entitlement)	2,874.3	2,874.3
Deductible temporary differences	19,779.3	20,758.2
	138,631.5	144,119.1

The unused tax credits will expire from financial year 2022-23 to financial year 2027-28 and unused tax losses will expire from financial year 2021-22 to financial year 2027-28.

* Includes loss on sale of Investment in Sun Pharma France [formerly known as Ranbaxy Pharmacie Generiques SAS]. In the current year, the Company sold its entire stake in Ranbaxy Nigeria Limited and Sun Pharma France, to Sun Pharma (Netherlands) B.V. as part of internal restructuring.

Further, as a result of the sale, provision amounting to ₹2,502.9 Million made on account of provision in respect of losses of a subsidiary have been reversed in the financial statements.

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Advance income tax *		
Net of provisions ₹14,765.9 Million (March 31, 2019 : ₹10,896.0 Million)	20,780.2	21,101.2
	20,780.2	21,101.2

* Includes amount paid under protest

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 11 OTHER ASSETS (NON-CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Capital advances	2,146.2	2,469.9
Prepaid expenses	9.5	5.0
Balances with government authorities *	1,582.4	1,023.2
	3,738.1	3,498.1

* Includes amount paid under protest

NOTE : 12 INVENTORIES

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Lower of cost and net realisable value		
Raw materials and packing materials	11,407.4	11,538.5
Goods in transit	124.9	40.8
	11,532.3	11,579.3
Work-in-progress	8,700.1	8,659.2
Finished goods	4,797.2	5,035.6
Stock-in-trade	1,024.2	2,212.7
Stores and spares	282.9	439.4
	26,336.7	27,926.2

- (i) Inventory write downs are accounted, considering the nature of inventory, estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products as well as provisioning policy of the Company. Write downs of inventories amounted to ₹9,860.2 Million (March 31, 2019: ₹9,154.5 Million). The changes in write downs are recognised as an expense in the statement of profit and loss.
- (ii) The cost of inventories recognised as an expense is disclosed in Notes 32, 33 and 36 and as purchases of stock-in-trade in the statement of profit and loss.

NOTE : 13 INVESTMENTS (CURRENT)

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
Investments in government securities				
Quoted (Fair value through other comprehensive income)				
8.01% Government of Rajasthan UDAY 2020				
Bond of ₹1 each fully paid maturing June 23, 2020	27,400,000	27.0	-	-
7.86% Government of Rajasthan UDAY 2019				
Bond of ₹1 each fully paid maturing June 23, 2019	-	-	27,400,000	26.9
		27.0		26.9
Investments in mutual funds				
Unquoted (Fair value through profit and loss) *				
ICICI Prudential Mutual Fund - ICICI Prudential Liquid - Direct Plan - Growth	-	-	3,621,515	1,001.0
Kotak Mahindra Mutual Fund - Kotak Liquid Scheme Plan A - Direct Plan - Growth	-	-	119,010	450.4
Yes Asset Mangement (India) Limited - Yes Liquid Fund Direct Growth	-	-	986,315	1,001.2

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in Million	Quantity	₹ in Million
HSBC Global Asset Management-HSBC Cash Fund-Growth-Direct Plan	407,322	805.5	-	-
Baroda Mutual Fund-Baroda Liquid fund-Plan B Growth	179,523	411.0	-	-
BNP Paribas Mutual fund - BNP Paribas Liquid Fund - Direct Plan - Growth	295,287	902.9	-	-
PGIM India Mutual Fund-PGIM India Insta Cash Fund-Direct Plan-Growth	3,100,626	801.0	-	-
MIRAE Asset Mutual Fund-Mirae Asset Cash Management Fund-Direct Plan-growth	478,993	1,003.3	-	-
		3,923.7		2,452.6
		3,950.7		2,479.5

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

NOTE : 14 TRADE RECEIVABLES

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	61,681.3	50,314.7
Credit impaired	1,300.1	1,361.6
	62,981.4	51,676.3
Less : Allowance for doubtful debts (expected credit loss allowance)	(1,300.1)	(1,361.6)
	61,681.3	50,314.7

NOTE : 15 CASH AND CASH EQUIVALENTS

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	2,197.0	3,023.3
Cash on hand	8.0	4.3
	2,205.0	3,027.6

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

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Deposit accounts	-	253.8
Earmarked balances with banks		
Unpaid dividend accounts	76.3	90.7
Escrow account - Buy back [Refer Note 56 (8)]	4,250.0	-
Balances held as margin money or security against guarantees and other commitments (*)	16.5	35.6
	4,342.8	380.1

* Having original maturity of more than 12 months.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 17 LOANS (CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Loans to employees/others *		
Secured, considered good	0.8	0.8
Unsecured, considered good	81.1	166.8
Credit impaired	4.5	4.5
Less : Allowance for doubtful loans (expected credit loss allowance)	(4.5)	(4.5)
	81.9	167.6
Loans to related parties (Refer Note 51 and 52) *		
Unsecured, considered good	4,404.0	2,779.7
	4,485.9	2,947.3

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

NOTE : 18 OTHER FINANCIAL ASSETS (CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Interest accrued, considered good	2.1	16.0
Insurance claim receivables	1.2	0.1
Security deposits (unsecured, considered good)	48.3	34.2
Other receivables	1,700.3	186.3
Less : Allowance for doubtful*	(500.0)	-
	1,200.3	186.3
Other receivables - from related parties (Refer Note 51)	2,664.9	7,552.7
Refund due from government authorities	3,315.4	2,692.1
Derivatives not designated as hedges	82.7	133.5
Derivatives designated as hedges	269.3	535.2
	7,584.2	11,150.1

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

NOTE : 19 OTHER ASSETS (CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Export incentives receivable	3,440.5	3,347.8
Prepaid expenses	411.9	437.4
Advances for supply of goods and services		
Considered good	1,195.9	1,897.3
Considered doubtful	340.8	355.5
Less : Allowance for doubtful	(340.8)	(355.5)
	1,195.9	1,897.3
Balances with government authorities *	3,675.5	7,655.2
Other assets #	100.8	134.5
	8,824.6	13,472.2

* Includes balances of goods and service tax

As at March 31, 2020 includes government grant from Biotechnology Industry Research Assistance Council (BIRAC).

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 20 SHARE CAPITAL

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Authorised				
Equity shares of ₹1 each	5,990,000,000	5,990.0	5,990,000,000	5,990.0
Cumulative preference shares of ₹100 each	100,000	10.0	100,000	10.0
	5,990,100,000	6,000.0	5,990,100,000	6,000.0
Issued, subscribed and fully paid up				
Equity Shares of ₹1 each	2,399,334,970	2,399.3	2,399,334,970	2,399.3
	2,399,334,970	2,399.3	2,399,334,970	2,399.3

	Year ended March 31, 2020		Year ended March 31, 2019	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of reporting period				
Opening balance	2,399,334,970	2,399.3	2,399,323,180	2,399.3
Add : shares allotted to employees on exercise of employee stock option (March 31, 2020: Nil; March 31, 2019: ₹11,790)	-	-	11,790	0.0
Closing balance	2,399,334,970	2,399.3	2,399,334,970	2,399.3

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:				
Shanghvi Finance Private Limited	967,051,732	40.3	959,772,578	40.0
Dilip Shantilal Shanghvi	230,285,690	9.6	230,285,690	9.6
Life Insurance Corporation Of India and its various funds	152,884,946	6.4	141,217,558	5.9

- (i) 334,956,764 (upto March 31, 2019: 334,956,764) equity shares of ₹1 each have been allotted, pursuant to scheme of amalgamation, without payment being received in cash during the period of five years immediately preceding the date at which the Balance Sheet is prepared.
- (ii) 7,500,000 (upto March 31, 2019: 7,500,000), equity shares of ₹1 each have been bought back during the period of five years immediately preceding the date at which the Balance Sheet is prepared. The shares bought back were cancelled.
- (iii) Rights, Preference and Restrictions attached to equity shares: The equity shares of the Company, having par value of ₹1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.
- (iv) Refer Note 49 for number of employee stock options against which equity shares are to be issued by the Company/ ESOP Trust upon vesting and exercise of those stock options.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 21 OTHER EQUITY

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
A) Surplus		
Capital reserve	53,575.2	53,575.2
Securities premium	11,874.1	11,932.9
Amalgamation reserve	43.8	43.8
Capital redemption reserve	7.5	7.5
General reserve	34,779.3	34,779.3
Retained earnings	140,052.7	123,846.1
	240,332.6	224,184.8
B) Items of other comprehensive income (OCI)		
Equity instrument through OCI	1.0	26.1
Debt instrument through OCI	(0.3)	(8.2)
Foreign currency translation reserve	1,485.9	1,485.9
Effective portion of cash flow hedges	(256.3)	348.2
	1,230.3	1,852.0
	241,562.9	226,036.8

Refer statement of changes in equity for detailed movement in other equity balance

Nature and purpose of each reserve

Capital reserve - During amalgamation/merger/acquisition, the excess of net assets taken, over the consideration paid, if any, is treated as capital reserve.

Securities premium - The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. It is utilised in accordance with the provisions of the Companies Act, 2013.

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

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

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

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Foreign currency translation reserve - Exchange differences relating to the translation of the results and the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to statement of profit or loss account on the disposal of the foreign operation. [Refer Note 56 (9)]

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

NOTE : 22 BORROWINGS (NON-CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Term loan from department of biotechnology (Refer Note 50)		
Secured	61.8	97.3
Term loans from banks (Refer Note 50)		
Unsecured	10,463.9	14,127.7
Lease liabilities (Refer Note 48)	2,041.2	-
	12,566.9	14,225.0

NOTE : 23 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Interest accrued	-	10.2
Derivatives not designated as hedge	161.7	-
	161.7	10.2

NOTE : 24 OTHER LIABILITIES (NON-CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Deferred revenue (Refer Note 55)	1,455.5	181.0
	1,455.5	181.0

NOTE : 25 PROVISIONS (NON-CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Employee benefits	1,769.4	1,570.7
Others (Refer Note 53)	12,150.2	-
	13,919.6	1,570.7

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 26 BORROWINGS (CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Loans repayable on demand		
From Banks		
Unsecured	22,779.9	30,392.7
Loans from related party (Refer Note 51)		
Loans repayable on demand (Unsecured)	12,191.8	-
Other loans		
Commercial paper (Unsecured)	9,911.0	13,887.8
Lease liabilities (Refer Note 48)	170.6	-
	45,053.3	44,280.5

NOTE : 27 OTHER FINANCIAL LIABILITIES (CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt (Refer Note 50)	6,438.6	5,860.9
Interest accrued	46.6	84.2
Unpaid dividends	77.2	93.9
Security deposits	84.4	97.4
Payables on purchase of property, plant and equipment	357.6	592.8
Product settlement, claims, recall charges and trade commitments	18,537.9	30,126.9
Derivatives not designated as hedge	13.0	22.6
Derivatives designated as hedge	663.3	-
	26,218.6	36,878.7

NOTE : 28 OTHER LIABILITIES (CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Statutory remittances	2,003.7	1,724.0
Advance from customers	4,361.0	2,790.4
Deferred revenue (Refer Note 55)	68.4	42.7
Others *	4.1	15.5
	6,437.2	4,572.6

* As at March 31, 2019 includes government grant received from Biotechnology Industry Research Assistance Council (BIRAC).

NOTE : 29 PROVISIONS (CURRENT)

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Employee benefits	793.8	475.6
Provision in respect of losses of a subsidiary	-	2,399.9
Others (Refer Note 53)	10,185.6	22,561.8
	10,979.4	25,437.3

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 30 REVENUE FROM OPERATIONS

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers [Refer Note 55 and 56 (10)]	119,067.4	97,832.9
Other operating revenues	6,251.9	5,199.2
	125,319.3	103,032.1

NOTE : 31 OTHER INCOME

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on :		
Bank deposits at amortised cost	11.7	32.1
Loans at amortised cost	301.2	123.6
Investments in debt instruments at fair value through other comprehensive income	22.2	46.9
Other financial assets carried at amortised cost	205.3	527.1
Others (includes interest on income tax refund)	160.2	563.9
	700.6	1,293.6
Dividend income on investments		
Subsidiary	9,258.3	8,909.3
Others (March 31, 2019: ₹30,000)	-	0.0
	9,258.3	8,909.3
Net gain arising on financial assets measured at fair value through profit or loss	7.2	2.0
Net gain on sale of financial assets measured at fair value through profit or loss	121.4	113.0
Net gain/(loss) on sale of financial assets measured at fair value through other comprehensive income	0.4	(0.1)
Gain on sale of investment in subsidiary	2,244.3	1,862.4
Sundry balances written back, net	17.3	35.6
Reversal of provision in respect of losses of a subsidiary	2,502.9	-
Insurance claims	145.1	66.6
Lease rental and hire charges	41.9	47.1
Miscellaneous income	69.8	384.9
	15,109.2	12,714.4

NOTE : 32 COST OF MATERIALS CONSUMED

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Raw materials and packing materials		
Inventories at the beginning of the year	11,579.3	7,712.2
Purchases during the year	31,970.1	31,144.2
Inventories at the end of the year	(11,532.3)	(11,579.3)
	32,017.1	27,277.1

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year	15,907.5	13,394.5
Inventories at the end of the year	(14,521.5)	(15,907.5)
	1,386.0	(2,513.0)

NOTE : 34 EMPLOYEE BENEFITS EXPENSE

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	15,660.5	14,379.5
Contribution to provident and other funds *	1,019.5	973.5
Staff welfare expenses	347.7	360.4
	17,027.7	15,713.4

* Includes gratuity expense of ₹244.3 Million (March 31, 2019 : ₹250.9 Million)

NOTE : 35 FINANCE COSTS

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense for financial liabilities carried at amortised cost	2,087.6	3,335.2
Interest expense others (includes interest on income tax and lease liability)	294.8	-
Exchange differences regarded as an adjustment to borrowing costs	1,697.7	2,027.3
Unwinding of discounts on provisions	-	46.7
	4,080.1	5,409.2

NOTE : 36 OTHER EXPENSES

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of materials, stores and spare parts	3,746.8	4,362.8
Conversion and other manufacturing charges	2,555.8	2,467.8
Power and fuel	3,947.4	4,072.8
Rent	58.5	211.5
Rates and taxes	2,177.9	1,165.9
Insurance	715.2	538.2
Selling, promotion and distribution	5,557.7	3,746.5
Commission on sales	351.3	231.8
Repairs and maintenance	2,297.9	2,154.5
Printing and stationery	182.0	176.6
Travelling and conveyance	1,645.5	1,615.2
Freight outward and handling charges	2,505.3	2,481.3
Communication	309.2	277.7
Provision/write off/(reversal) for doubtful trade receivables/advances	535.4	(147.0)
Professional, legal and consultancy	5,650.3	4,546.2
Donations	33.6	28.3
Loss on sale/write off of property, plant and equipment and intangible assets, net	51.0	341.0

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Payments to auditor (net of input credit, wherever applicable)		
For audit	26.1	24.6
For other services	10.1	14.5
Reimbursement of expenses	3.4	1.7
Provision in respect of losses of a subsidiary	-	366.9
Miscellaneous expenses	2,780.4	2,214.3
	35,140.8	30,893.1

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

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	3,145.2	3,099.4
Contribution to provident and other funds	155.8	109.1
Staff welfare expenses	23.2	19.4
Consumption of materials, stores and spare parts	2,181.4	2,764.6
Power and fuel	316.4	286.4
Rent	2.0	55.0
Rates and taxes	1,035.7	772.9
Insurance	44.5	52.4
Repairs and maintenance	359.6	360.1
Printing and stationery	12.3	12.7
Travelling and conveyance	89.2	100.9
Communication	36.8	43.8
Professional, legal and consultancy	2,741.0	1,523.7
Miscellaneous expenses	152.2	342.1
	10,295.3	9,542.5
Less :		
Receipts from research activities	384.7	490.9
Miscellaneous income	13.1	21.7
	9,897.5	9,029.9

NOTE : 38 TAX RECONCILIATION

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Reconciliation of tax expense		
Profit before tax	32,530.0	7,194.5
Income tax rate (%) applicable to the Company #	34.944%	34.944%
Income tax calculated at income tax rate	11,367.3	2,514.0
Effect of income that is exempt from tax	(2,323.7)	(1,664.9)
Effect of expenses that are not deductible in determining taxable profit	126.6	751.8
Effect of incremental deduction allowed on account of research and development costs and other allowances	(1,907.2)	(1,783.7)
Withholding tax in respect of income earned outside India	(15.5)	15.5
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(5,612.2)	271.8
Others	(1,216.7)	(1,076.0)
Income tax expense recognised in statement of profit and loss	418.6	(971.5)

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (March 31, 2019 : 34.944%) at which the Company is liable to pay tax on taxable income under the Indian Tax Law.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
i Contingent liabilities		
a Claims against the Company not acknowledged as debts	595.3	608.9
b Liabilities disputed - appeals filed with respect to :		
Income tax on account of disallowances/additions (Company appeals)*	26,569.2	29,819.5
Sales tax on account of rebate/classification	115.3	118.9
Excise duty/service tax on account of valuation/cenvat credit	177.3	1,019.0
ESIC contribution on account of applicability	130.5	130.5
c Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, enjoyed by the Company	3,488.2	3,488.2
d Fine imposed for anti-competitive settlement agreement by European Commission	856.1	799.5
e Octroi demand on account of rate difference	171.0	171.0
f Other matters - state electricity board, Punjab Land Preservation Act related matters etc. Note : includes, interest till the date of demand, wherever applicable	89.8	89.3
g The Company has made provision on prospective basis to give impact of Provident fund judgement by Hon'ble Supreme Court of India (SC) dated February 28, 2019. The Company will update its provision, on receiving further clarity.		
h Legal proceedings: The Company and/or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims, anti-trust and other regulatory matters relating to conduct of its business. Some of the key matters are discussed below. Most of the legal proceedings involve complex issues, which are specific to the case and don't have precedents and hence for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings and the overall length and the discovery process; the entitlement of the parties to an action to appeal a decision; the extent of the claims, including the size of any potential class, particularly when damages are not specified or are indeterminate; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation and any other factors that may have a material effect on the litigation. The Company makes its assessment of likely outcome, based on the views of internal legal counsel and in consultation with external legal counsel representing the Company. The Company also believes that disclosure of the amount sought by plaintiffs, would not be meaningful because historical evidence indicates that the amounts settled (if any) are significantly different than those claimed by plaintiffs. Some of the legal claims against the Company, if decided against the Company may result into significant impact on its results of operations of a given period during which the claim is settled. Antitrust - Modafinil: The Company and its subsidiaries was a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer, in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings, subsequently the Company has reached settlements in these coordinated proceedings. Antitrust - Lipitor: The Company and its subsidiaries is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2008 patent settlement agreement with Pfizer concerning Atorvastatin. The cases have been transferred to the United States District Court for the District of New Jersey for coordinated proceedings. The cases are proceeding in discovery.		

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Antitrust – In re Ranbaxy Generic Drug Application Antitrust Litigation:		
The Company and its subsidiaries is a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors in US alleging that the Company and its affiliates violated antitrust laws and the Racketeer Influenced and Corrupt Organizations Act, with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases have been transferred to the United States District Court for the District of Massachusetts for coordinated proceedings. The cases are proceeding in discovery.		
Note:		
Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.		
*Income tax matters where department has preferred an appeal against favourable order received by the Company amounted to ₹20,242.6 Million (March 31, 2019: ₹10,851.2 Million). These matters are sub-judice in various forums and pertains to various financial years.		
ii Commitments		
a Estimated amount of contracts remaining to be executed on capital account [net of advances] *	4,239.0	4,767.5
b Uncalled liability on partly paid investments	0.5	0.5
c For derivatives related commitments refer Note 44		
d Lease related commitments refer Note 48		
e Letters of credit for imports	536.7	859.3
f Buy-back related commitment refer Note 56 (8)		
* The Company is committed to pay milestone payments and royalty on certain contracts, however, obligation to pay is contingent upon fulfilment of contractual obligation by parties to the contract.		
iii Guarantees given by the bankers on behalf of the Company	1,667.3	2,774.9

NOTE : 40 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue, net (excluding depreciation) (Refer Note 37)	9,897.5	9,029.9
Capital	305.4	590.9
Total	10,202.9	9,620.8

NOTE : 41 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ in Million

	As at March 31, 2020		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments/bonds - quoted	-	108.6	-
Equity instruments/mutual fund - unquoted	3,927.5	-	-
Government securities - unquoted (₹10,000)	-	-	0.0
Loans to related parties	-	-	4,404.0
Loans to employees/others	-	-	89.3
Deposits	-	-	0.9
Security deposits	-	-	462.6

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	As at March 31, 2020		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Unbilled revenue	-	-	434.1
Trade receivables	-	-	61,681.3
Cash and cash equivalents	-	-	2,205.0
Bank balances other than cash and cash equivalents	-	-	4,342.8
Interest accrued	-	-	2.1
Insurance claim receivables	-	-	1.2
Refund due from government authorities	-	-	3,315.4
Other receivables	-	-	3,865.2
Derivatives designated as hedges	-	269.3	-
Derivatives not designated as hedges	82.7	-	-
	4,010.2	377.9	80,803.9
Financial liabilities			
Borrowings	-	-	64,058.8
Interest accrued	-	-	46.6
Trade payables	-	-	23,348.9
Unpaid dividends	-	-	77.2
Security deposits	-	-	84.4
Payables on purchase of property, plant and equipment	-	-	357.6
Product settlement, claims, recall charges and trade commitments	-	-	18,537.9
Derivatives designated as hedges	-	663.3	-
Derivatives not designated as hedges	174.7	-	-
	174.7	663.3	106,511.4

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Investments			
Equity instruments/bonds - quoted	-	677.1	-
Equity instruments/mutual fund - unquoted	2,456.3	-	-
Government securities - unquoted (₹10,000)	-	-	0.0
Loans to related parties	-	-	2,779.7
Loans to employees/others	-	-	177.6
Deposits	-	-	1.4
Security deposits	-	-	458.2
Trade receivables	-	-	50,314.7
Cash and cash equivalents	-	-	3,027.6
Bank balances other than cash and cash equivalents	-	-	380.1
Interest accrued	-	-	16.0
Insurance claim receivables	-	-	0.1
Refund due from government authorities	-	-	2,692.1
Other receivables	-	-	7,739.0
Derivatives designated as hedges	-	535.2	-
Derivatives not designated as hedges	254.2	-	-
	2,710.5	1,212.3	67,586.5

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities			
Borrowings	-	-	64,366.4
Interest accrued	-	-	94.4
Trade payables	-	-	21,549.2
Unpaid dividends	-	-	93.9
Security deposits	-	-	97.4
Payables on purchase of property, plant and equipment	-	-	592.8
Product settlement, claims, recall charges and trade commitments	-	-	30,126.9
Derivatives not designated as hedges	22.6	-	-
	22.6	-	116,921.0

NOTE : 42 FAIR VALUE HIERARCHY

₹ in Million

	As at March 31, 2020		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	81.6	-	-
Investments in equity - unquoted	-	-	3.8
Investments in government securities	27.0	-	-
Mutual funds	3,923.7	-	-
Derivatives not designated as hedges	-	82.7	-
Derivatives designated as hedges	-	269.3	-
	4,032.3	352.0	3.8
Financial liabilities			
Derivatives not designated as hedges	-	174.7	-
Derivatives designated as hedges	-	663.3	-
	-	838.0	-

₹ in Million

	As at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period			
Financial assets			
Investments in equity - quoted #	120.2	-	-
Investments in equity - unquoted	-	-	3.7
Investments in government securities	556.9	-	-
Mutual funds	2,452.6	-	-
Derivatives not designated as hedges	-	254.2	-
Derivatives designated as hedges	-	535.2	-
	3,129.7	789.4	3.7
Financial liabilities			
Derivatives not designated as hedges	-	22.6	-
	-	22.6	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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

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

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

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

These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments at fair value through other comprehensive income as the management believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

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

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

Reconciliation of Level 3 fair value measurements

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Unlisted shares valued at fair value		
Balance at the beginning of the year	3.7	407.6
Purchases	0.1	1.1
Disposal/settlements	-	(405.0)
Balance at the end of the year	3.8	3.7

NOTE : 43 CAPITAL MANAGEMENT

The Company's capital management objectives are:

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

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) Debt equity ratio

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Debt (includes non-current, current borrowings and current maturities of long-term debt)	64,058.8	64,366.4
Less : cash and cash equivalents, bank balances (excluding earmarked balances with banks) and current investments	6,155.7	5,760.9
Net debt	57,903.1	58,605.5
Total equity, including reserves	243,962.2	228,436.1
Net debt to total equity ratio	23.7%	25.7%

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(ii) Dividend on equity shares paid during the year

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Dividend on equity shares		
Final dividend for the year ended March 31, 2019 of ₹2.75 (year ended March 31, 2018 : ₹2.0) per fully paid share	6,595.7	4,791.6
Dividend distribution tax on above	1,355.8	5.6
Interim dividend for the year ended March 31, 2020 of ₹3 (year ended March 31, 2019 : ₹Nil) per fully paid share	7,193.9	-
Dividend distribution tax on above	573.1	-
Dividends not recognised at the end of the reporting period		
The Board of Directors at it's meeting held on May 27, 2020 have recommended payment of final dividend of ₹1 per share of face value of ₹1 each for the year ended March 31, 2020. The same amounts to ₹2,399.3 Million.		
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

NOTE : 44 FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Investments

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

Trade receivables

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

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	34,744.0	33,432.2
180 - 365 days	2,036.0	7,826.8
beyond 365 days	26,201.4	10,417.3
Total	62,981.4	51,676.3

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	1,361.6	1,575.5
Addition	24.4	181.1
Recoveries	(85.9)	(395.0)
Balance at the end of the year	1,300.1	1,361.6

Other than trade receivables, the Company has recognised an allowance of ₹4.5 Million (March 31, 2019 : ₹4.5 Million) against past due loans including interest and ₹500.0 Million of other receivables based on assessment regarding recoverability of the same.

Liquidity risk

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

The Company has unutilised working capital lines from banks of ₹48,498.0 Million as on March 31, 2020, ₹32,313.0 Million as on March 31, 2019.

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

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2020
Non derivative				
Borrowings	51,600.2	9,529.4	3,061.9	64,191.5
Trade payables	23,348.9	-	-	23,348.9
Other financial liabilities	19,103.7	-	-	19,103.7
	94,052.8	9,529.4	3,061.9	106,644.1
Derivative	676.3	161.7	-	838.0
	676.3	161.7	-	838.0

₹ in Million

	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2019
Non derivative				
Borrowings	50,276.2	12,479.3	1,781.4	64,536.9
Trade payables	21,549.2	-	-	21,549.2
Other financial liabilities	30,995.2	10.2	-	31,005.4
	102,820.6	12,489.5	1,781.4	117,091.5
Derivative	22.6	-	-	22.6
	22.6	-	-	22.6

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Foreign exchange risk

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

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

₹ in Million

	As at March 31, 2020					
	US Dollar	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	43,679.3	4,284.5	3,438.1	1,287.4	1,843.6	54,532.9
Cash and cash equivalents	1,103.7	562.3	47.7	-	10.7	1,724.4
Other receivables - from related parties	2,664.9	-	-	-	-	2,664.9
	47,447.9	4,846.8	3,485.8	1,287.4	1,854.3	58,922.2
Financial liabilities						
Borrowings	35,980.1	-	-	-	3,699.8	39,679.9
Trade payables	9,527.4	750.0	1.3	140.0	696.9	11,115.6
Product settlement, claims, recall charges and trade commitments	18,537.9	-	-	-	-	18,537.9
	64,045.4	750.0	1.3	140.0	4,396.7	69,333.4

₹ in Million

	As at March 31, 2019					
	US Dollar	Euro	Russian Rouble	South African Rand	Others	Total
Financial assets						
Trade receivables	36,364.2	2,602.5	1,979.6	4,014.1	1,896.4	46,856.8
Cash and cash equivalents	2,078.4	712.1	28.2	-	11.7	2,830.4
Other receivables - from related parties	7,552.7	-	-	-	-	7,552.7
	45,995.3	3,314.6	2,007.8	4,014.1	1,908.1	57,239.9
Financial liabilities						
Borrowings	50,428.8	-	-	-	-	50,428.8
Trade payables	6,683.0	1,094.7	2.3	158.7	585.5	8,524.2
Product settlement, claims, recall charges and trade commitments	30,126.9	-	-	-	-	30,126.9
	87,238.7	1,094.7	2.3	158.7	585.5	89,079.9

b) Sensitivity

For the years ended March 31, 2020 and March 31, 2019, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would increase the Company's profit and increase the Company's equity by approximately ₹520.6 Million and ₹1,592.0 Million respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

c) Derivative contracts

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

Hedges of highly probable forecasted transactions

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

In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded a loss of ₹929.2 Million for the year ended March 31, 2020 and gain of ₹535.2 Million for the year ended March 31, 2019 in other comprehensive income. The Company also recorded hedges as a component of revenue, gain of ₹462.4 Million for the year ended March 31, 2020 and loss of ₹117.4 Million for the year ended March 31, 2019 on occurrence of forecasted sale transaction.

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

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts -

	Currency	Buy/Sell	Cross Currency	As at March 31, 2020	As at March 31, 2019
Amount in Million					
Derivatives designated as hedges					
Forward contracts	ZAR	Sell	INR	ZAR 450.0	ZAR 480.0
Forward contracts	USD	Sell	INR	\$ 227.5	\$ 120.5
Derivatives not designated as hedges					
Forward contracts	USD	Buy	INR	-	\$ 27.3
Forward contracts	AUD	Sell	USD	\$ 6.8	\$ 7.4
Forward contracts	RUB	Sell	USD	-	\$ 4.5
Forward contracts	GBP	Sell	USD	\$ 6.6	\$ 4.9
Forward contracts	EUR	Sell	USD	\$ 7.2	\$ 9.8
Currency cum interest rate swaps	USD	Buy	INR	-	\$ 50.0
Interest rate swaps (floating to fixed)	USD	Buy	INR	-	\$ 50.0
Currency swaps	JPY	Buy	USD	\$ 50.0	-

Interest rate risk

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

For the years ended March 31, 2020 and March 31, 2019, every 50 basis point decrease in the floating interest rate component applicable on its closing balance of loans and borrowings would increase the Company's profit by approximately ₹198.4 Million and ₹217.6 Million respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Commodity rate risk

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

NOTE : 45 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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

₹ in Million

	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year	461.8	659.8

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

NOTE : 46 EARNINGS PER SHARE

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (₹ in Million) - used as numerator for calculating earnings per share	32,111.4	8,166.0
Weighted average number of shares used in computing basic earnings per share (A)	2,399,334,970	2,399,326,681
Add : Dilution effect of employee stock option (B)	-	3,575
Weighted average number of shares used in computing diluted earnings per share (A + B)	2,399,334,970	2,399,330,257
Nominal value per share (in ₹)	1	1
Basic earnings per share (in ₹)	13.4	3.4
Diluted earnings per share (in ₹)	13.4	3.4

NOTE : 47 EMPLOYEE BENEFIT PLANS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Scheme (ESIC) and other Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other Statutory Funds are made only by the Company. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹762.2 Million (March 31, 2019 : ₹702.9 Million).

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Provident Fund and Family Pension Fund	649.7	600.1
Contribution to Superannuation Fund	63.2	64.9
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	48.2	37.1
Contribution to Labour Welfare Fund	1.1	0.8

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Defined benefit plan

a) Gratuity

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

b) Pension fund

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

Risks

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

- i) Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. However, the risk is partially mitigated by investment in LIC managed fund.
- ii) Interest rate risk - A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
- iii) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- iv) Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Other long term benefit plan

Actuarial Valuation for compensated absences is done as at the year end and the provision is made as per Company policy with corresponding (gain)/charge to the statement of profit and loss amounting to ₹368.5 Million [March 31, 2019 : ₹275.6 Million] and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

₹ in Million

	Year ended March 31, 2020		Year ended March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Expense recognised in the statement of profit and loss (Refer Note 34)				
Current service cost	-	253.9	-	245.2
Interest cost	67.5	182.3	67.7	196.8
Expected return on plan assets	-	(191.9)	-	(191.1)
Expense charged to the statement of profit and loss	67.5	244.3	67.7	250.9
Remeasurement of defined benefit obligation recognised in other comprehensive income				
Actuarial loss/(gain) on defined benefit obligation	80.8	199.2	64.9	(254.6)
Actuarial gain on plan assets	-	6.4	-	24.7
Expense/(income) charged to other comprehensive income	80.8	205.6	64.9	(229.9)
Reconciliation of defined benefit obligations				
Obligation as at the beginning of the year	949.3	2,562.4	903.7	2,625.8
Current service cost	-	253.9	-	245.2
Interest cost	67.5	182.3	67.7	196.8
Benefits paid	(87.9)	(248.2)	(87.0)	(250.8)
Actuarial (gains)/losses on obligations				
- due to change in demographic assumptions	-	64.6	-	(15.4)
- due to change in financial assumptions	58.2	17.3	35.7	(160.0)
- due to experience	22.6	117.3	29.2	(79.2)
Obligation as at the year end	1,009.7	2,949.6	949.3	2,562.4

₹ in Million

	As at March 31, 2020	As at March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of liability/(asset) recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	2,949.6	2,562.4
Fair value of plan assets	(2,653.2)	(2,696.7)
Net (asset)/liability recognised in the financial statement	296.4	(134.3)

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
	Gratuity (Funded)	Gratuity (Funded)
Reconciliation of plan assets		
Plan assets as at the beginning of the year	2,696.7	2,550.4
Expected return	191.9	191.1
Actuarial gain	(6.4)	(24.7)
Employer's contribution during the year	19.2	230.7
Benefits paid	(248.2)	(250.8)
Plan assets as at the year end	2,653.2	2,696.7

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

	As at March 31, 2020		As at March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Assumptions :				
Discount rate	6.50%	6.50%	7.10%	7.10%
Expected return on plan assets	N.A.	6.50%	N.A.	7.10%
Expected rate of salary increase	N.A.	9.38% - 10.00%	N.A.	10.00%
Interest rate guarantee	N.A.	N.A.	N.A.	N.A.
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Employee turnover	N.A.	12.40% - 13.45%	N.A.	15.80%
Retirement Age (years)	N.A.	60	N.A.	60

₹ in Million

	As at March 31, 2020		As at March 31, 2019	
	Pension Fund (Unfunded)	Gratuity (Funded)	Pension Fund (Unfunded)	Gratuity (Funded)
Sensitivity analysis:				
The sensitivity analysis have been determined based on method that extrapolates the impact on defined benefit obligation as a reasonable change in key assumptions occurring at the end of the reporting period				
Impact on defined benefit obligation				
Delta effect of +1% change in discount rate	(84.7)	(162.0)	(76.3)	(122.0)
Delta effect of -1% change in discount rate	95.6	180.9	85.5	134.4
Delta effect of +1% change in salary escalation rate	-	174.6	-	130.0
Delta effect of -1% change in salary escalation rate	-	(159.7)	-	(120.5)
Delta effect of +1% change in rate of employee turnover	-	(26.5)	-	(17.9)
Delta effect of -1% change in rate of employee turnover	-	29.1	-	19.4
Maturity analysis of projected benefit obligation for next				
1st year	88.8	541.5	88.4	566.0
2nd year	88.0	383.0	87.5	353.5
3rd year	87.1	348.4	86.7	355.0
4th year	86.1	354.6	85.8	314.1
5th year	85.5	337.2	84.8	303.6
Thereafter	2,122.9	2,674.2	2,143.7	2,023.9
The major categories of plan assets are as under				
Central government securities	-	9.7	-	9.9
Bonds and securities	-	66.2	-	67.3
Insurer managed funds (Funded with LIC, break-up not available)	-	1,642.2	-	1,669.1
Surplus fund lying uninvested	-	935.1	-	950.4
The contribution expected to be made by the Company for gratuity, during financial year ending March 31, 2021 is ₹556.2 Million (Previous year : ₹81.1 Million)				

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 48 LEASES

- a) Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", and applied to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the Company has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Management has exercised judgement in determining whether extension and termination options are reasonably certain to be exercised. Expenses relating to short-term leases and low-value assets for year ended March 31, 2020 is ₹25.9 Million.

	₹ in Million
	As at March 31, 2020
The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:	
Not later than one year	354.1
Later than one year and not later than five years	1,039.0
Later than five years	3,698.6
	5,091.7

	₹ in Million
	Year ended March 31, 2020
Movement of lease liabilities	
Opening balance	-
Addition on account of transition to Ind AS 116	485.7
Addition	1,866.8
Interest on lease liabilities	157.1
Effect of changes in foreign exchange rates	0.4
Payment towards lease liabilities	(298.2)
Closing balance	2,211.8

- b) The Company has given certain premises and plant and machinery under operating lease or leave and license agreements. These are generally not non-cancellable and periods range between 11 months to 5 years under leave and license/lease and are renewable by mutual consent on mutually agreeable terms. The Company has received refundable interest free security deposits where applicable in accordance with the agreed terms.

NOTE : 49 EMPLOYEE SHARE-BASED PAYMENT PLANS

The Company operates employee stock option scheme namely, SUN Employee Stock Option Scheme-2015 (SUN-ESOS 2015) for the grant of stock options to the eligible personnel. Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

The movement of the options (post split) granted under SUN-ESOS 2015

	March 31, 2020			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted- average remaining contractual life (years)
Outstanding at the commencement of the year	158,739	562.5	562.5	0.9
Exercised during the year	-	-	-	-
Lapsed during the year	(158,739)	562.5	562.5	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

	March 31, 2019			
	Stock options (numbers)	Range of exercise prices (₹)	Weighted-average exercise prices (₹)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	263,680	270.0-562.5	450.3	1.5
Exercised during the year \$	(11,790)	270.0-562.5	324.9	-
Lapsed during the year	(93,151)	270.0-562.5	275.0	-
Outstanding at the end of the year *	158,739	562.5	562.5	0.9
Exercisable at the end of the year *	158,739	562.5	562.5	0.9

* Includes options exercised, pending allotment

\$ Weighted average share price on the date of exercise ₹492.6

NOTE : 50 BORROWINGS

Details of long term borrowings and current maturities of long term debt (included under other current financial liabilities)

- (I) Unsecured External Commercial Borrowings (ECBs) has 3 loans aggregating of US\$175 Million (March 31, 2019 : US\$290 Million) equivalent to ₹13,200.3 Million (March 31, 2019 : ₹20,036.1 Million) and 1 loan of JPY 5,317.5 Million (March 31, 2019 : Nil) equivalent to ₹3,699.9 Million (March 31, 2019 : Nil). For the ECB loans outstanding as at March 31, 2020, the terms of repayment for borrowings are as follows:
- US\$Nil (March 31, 2019 : US\$10 Million) equivalent to ₹Nil (March 31, 2019 : ₹690.9 Million). The loan was taken in tranches of US\$16 Million on March 24, 2017 and US\$10 Million on June 30, 2017. The first installment of US\$16 Million has been repaid during the year ended March 31, 2019 and last installment of US\$10 Million has been repaid in current year.
 - US\$Nil (March 31, 2019 : US\$30 Million) equivalent to ₹Nil (March 31, 2019 : ₹2,072.7 Million). The loan was taken on September 08, 2017 and has been repaid in current year.
 - US\$100 Million (March 31, 2019 : US\$100 Million) equivalent to ₹7,543.0 Million (March 31, 2019 : ₹6,909.0 Million). The loan was taken on June 04, 2013 and is repayable in 3 installments viz. first installment of US\$30 Million is due on June 01, 2020, second installment of US\$30 Million is due on December 01, 2020 and last installment of US\$40 Million is due on December 01, 2021.
 - US\$25 Million (March 31, 2019 : US\$50 Million) equivalent to ₹1,885.8 Million (March 31, 2019 : ₹3,454.5 Million). The loan was taken on September 20, 2012 and is repayable in 2 equal installments of USD 25 Million each. The first installment of US\$25 Million has been repaid in current year and last installment of US\$25 Million is due on September 18, 2020.
 - US\$50 Million (March 31, 2019 : US\$50 Million) equivalent to ₹3,771.5 Million (March 31, 2019 : ₹3,454.5 Million). The loan was taken on October 03, 2018 and is repayable in 2 equal installments of USD 25 Million each. The first installment of US\$25 Million is due on October 1, 2021 and last installment of US\$25 Million is due on October 03, 2022.
 - US\$Nil (March 31, 2019 : US\$50 Million) equivalent to ₹Nil (March 31, 2019 : ₹3,454.5 Million). The loan was taken on August 11, 2015 and is refinanced with JPY loan, as detailed in note (g) below.
 - JPY 5317.5 Million (March 31, 2019 : JPY Nil) equivalent to ₹3,699.9 Million (March 31, 2019 : ₹Nil). The loan was taken on August 11, 2015 in USD. The currency of the loan was changed to JPY on August 08, 2019. The loan is due for repayment on February 08, 2022.
- (II) Secured term loan from department of biotechnology of ₹108.2 Million (March 31, 2019 : ₹108.2 Million) has been secured by hypothecation of movable assets of the Company. The loan is repayable in 10 equal half yearly installments commencing from December 14, 2020, last installment is due on June 14, 2025.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

The Company has not defaulted on repayment of loan and interest payment thereon during the year. The aforementioned unsecured ECBs are availed from various banks at floating rate linked to Libor (2.14% as at March 31, 2020) and secured loan from department of biotechnology have been availed at a range from 2% to 3%.

NOTE : 51 RELATED PARTY DISCLOSURES (IND AS 24) AS PER ANNEXURE "A"

NOTE : 52 LOANS/ADVANCES GIVEN TO SUBSIDIARIES AND ASSOCIATES

₹ in Million

	As at March 31, 2020	Maximum balance March 31, 2020	As at March 31, 2019	Maximum balance March 31, 2019
Loans/advances outstanding from subsidiaries				
Sun Pharmaceutical Medicare Limited, India	4,217.2	4,217.2	2,575.0	2,575.0
Zenotech Laboratories Limited, India	186.6	307.0	204.6	258.0
Skisen Labs Private Limited, India	0.2	0.2	0.1	0.1
Softdeal Trading Company Private Limited, India	-	10.1	-	-
Faststone Mercantile Company Private Limited, India	-	-	-	253.4

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

NOTE : 53

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

₹ in Million

	Year ended March 31, 2020	Year ended March 31, 2019
	Product and Sales related *	Product and Sales related *
At the commencement of the year	22,561.8	25,815.3
Add: Provision for the year	1,523.6	1,006.8
Add: Unwinding of discounts on provisions	-	46.7
Add/(less): Foreign currency exchange fluctuation	-	1,417.3
Less: Utilisation/settlement/reversal	(1,749.6)	(5,724.3)
At the end of the year	22,335.8	22,561.8

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

NOTE : 54 USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

- Litigations [Refer Note 2 (2.2) (m) and Note 39]
- Revenue [Refer Note 2(2.2)(n)]
- Impairment of goodwill and intangible assets [Refer Note 2(2.2) (g)]

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE : 55 REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018 which does not require restatement of comparative period. The Company elected to apply the standard to all contracts as at April 01, 2018. There is no impact to be recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Further, the Company has recorded an additional amount of ₹1,326.5 Million (March 31, 2019 : ₹233.3 Million) as deferred revenue pursuant to the requirements of Ind AS 115. Revenue of ₹26.3 Million (March 31, 2019 : ₹9.6 Million) has been recognised as Revenue from contract with customer in FY20 pursuant to completion of performance obligation in respect of the above contracts.

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

	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price, net of returns	132,113.1	118,830.5
Less :		
Provision for sales return	(752.8)	(643.1)
Rebates, discounts and price reduction	(12,292.9)	(20,354.5)
	(13,045.7)	(20,997.6)
Revenue from contract with customers	119,067.4	97,832.9

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Contract balances		
Trade receivables	61,681.3	50,314.7
Contract assets	434.1	-
Contract liabilities	5,884.9	3,014.1

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

NOTE : 56

- 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.
- The Company was a defendant in a number of putative class action lawsuits and individual actions brought by purchasers and payors, as well as a generic manufacturer in US alleging that the Company and its affiliates violated antitrust laws in connection with a 2005 patent settlement agreement with Cephalon concerning Modafinil. The cases were transferred to the United States District Court for the Eastern District of Pennsylvania for coordinated proceedings. Subsequently, the Company reached settlements in these coordinated proceedings. The Company accounted for an amount of ₹12,383.8 Million in the year ended on March 31, 2019, of which ₹12,143.8 Million was disclosed as an exceptional item. During the year ended March 31, 2020, the Company entered into a settlement agreement with the last remaining Plaintiff of these coordinated proceedings and the settlement amount has been grouped in other expenses.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- 3 Since the US-FDA import alert at Karkhadi facility in March 2014, the Company remained fully committed to implement all corrective measures to address the observations made by the US-FDA with the help of third party consultant. The Company has completed all the action items to address the US-FDA warning letter observations issued in May 2014. It is continuing to work closely and co-operatively with the US-FDA to resolve the matter for lifting the import alert. The contribution of this facility to Company's revenues is not significant.
- 4 The US-FDA, on January 23, 2014, had prohibited using API manufactured at Toansa facility for manufacture of finished drug products intended for distribution in the U.S. market. Consequentially, the Toansa manufacturing facility was subject to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In addition, the Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey had also issued an administrative subpoena dated March 13, 2014 seeking information. The Company is continuing to fully co-operate and provide requisite information to the US DOJ.
- 5 In December 2019, the USFDA inspected the Halol facility and issued Form 483 with 8 observations. Post the submission of the company's response in January 2020, the USFDA classified the inspection status as Official Action Indicated (OAI). The company is in continuous communication with the USFDA to resolve the outstanding issues from the December 2019 inspection. The Company continues to manufacture and distribute products to the U.S from this facility. However, the OAI status normally implies that the USFDA may put all new approvals from the Halol facility on hold till the outstanding corrective actions are completed.
- 6 In September 2013, the USFDA had put the Mohali facility under import alert and was also subjected to certain provisions of the consent decree of permanent injunction entered in January 2012 by erstwhile Ranbaxy Laboratories Ltd (which was merged with Sun Pharmaceutical Industries Ltd in March 2015). In March 2017, the USFDA lifted the import alert and indicated that the facility was in compliance with the requirements of cGMP provisions mentioned in the consent decree. The Mohali facility continues to demonstrate sustainable cGMP compliance as required by the consent decree. The Company continues to receive approval of applications, manufacture and distribute products to the U.S from this facility.
- 7 In accordance with Ind AS 108 "Operating Segments", segment information has been given in the consolidated Ind AS financial statements, and therefore, no separate disclosure on segment information is given in these financial statements.
- 8 The Board of Directors at its meeting held on March 17, 2020 has approved the buy-back by the Company of its equity shares from the open market through stock exchange mechanism as prescribed under Buy-back regulations at the maximum price of ₹425.00 per share for an aggregate maximum amount of ₹17,000.0 Million.
- 9 The Scheme of Arrangement between Sun Pharma Global FZE ("the Transferor"), and the Company ("the Scheme"), inter-alia envisaged merger of unbranded generic pharmaceutical undertaking of the transferor (Specified business) into the Company. The scheme was approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench on October 31, 2018 and became effective on December 01, 2018 upon completion of all the formalities.

Consequent to the amalgamation prescribed by the Scheme, all the assets and liabilities of the specified business were transferred to and vested in the Company with effect from April 01, 2017 ("the Appointed Date").

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

Accordingly all the assets, liabilities, and other reserves of the specified business as on April 01, 2017 were transferred to the Company as per the Scheme. As prescribed by the Scheme no consideration was paid as the transferor is a wholly owned subsidiary of the Company. Accordingly, the resultant difference between the book value of assets and liabilities taken-over as on the appointed date amounting to ₹17,450.8 Million is credited to capital reserve account. Also, any gain or loss on translation of assets and liabilities to functional currency (i.e. ₹) till the date of order has been credited or debited to foreign currency translation reserve.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- 10 The Company vide its press release dated January 22, 2019, had announced the transition of India domestic formulations distribution business from Aditya Medisales Limited (AML), to Sun Pharma Distributors Limited (SPDL), a wholly owned subsidiary of the Company. During the transition phase AML acted as an agent of Company.
- 11 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹43.7 Million (March 31, 2019 : ₹39.4 Million).

Details of CSR expenditure:

- Gross amount required to be spent by the Company during the year 2019-20 is ₹26.9 Million (March 31, 2019 : Nil)

₹ in Million

	In cash	Yet to be paid in cash	Total
Amount spent during the year ended on March 31, 2020			
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	42.7	1.0	43.7

- 12 The Company continues to monitor the impact of COVID-19 on its business, including its impact on customers, supply-chain, employees and logistics. Due care has been exercised, in concluding on significant accounting judgements and estimates, including in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the information available to date, while preparing the Company's financial results as of and for the year ended March 31, 2020.
- 13 The Board of Directors of the Company at its meeting held on May 25, 2018 and the shareholders & unsecured creditors at its respective meetings held on June 04, 2019 had approved the Composite Scheme of Arrangement between the Company, Sun Pharma (Netherlands) B.V. and Sun Pharmaceutical Holdings USA Inc. (both being wholly owned subsidiaries of the Company) which inter-alia, envisaged spin-off w.e.f. April 01, 2017 of the specified investment undertaking 1 and 2 (as defined in the scheme of Arrangement) of the Company. On December 19, 2019, the Hon'ble National Company Law Tribunal, Ahmedabad Bench, on interpretation ground that an outbound Demerger is not envisaged under Section 234 of Companies Act, 2013, did not allow the Company's petition for the said Composite Scheme of Arrangement. Hence no effect of the said scheme of Arrangement has been given in the accounts.
- 14 Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

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

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(b) Ratios

Ratios and Formulae	As at March 31, 2020	As at March 31, 2019
(i) Debt equity ratio = (Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings)/(Total equity)	0.25	0.28
(ii) Debt service coverage ratio = Earnings before finance costs, exceptional item and tax/(Finance costs + Principal repayment for borrowings made during the period)	0.32	0.13
(iii) Interest service coverage ratio = Earnings before finance costs, Exceptional item and Tax/Finance costs	9.67	4.58
(iv) Asset cover = Total assets - Intangible assets - Current liabilities excluding Short-term borrowings and current maturities of long-term borrowings)/(Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings).	5.14	4.51

Note - the above borrowings and interest payments do not include payment related to leases.

Alternative Ratios and Formulae	As at March 31, 2020	As at March 31, 2019
(i) Debt service coverage ratio = Earnings before finance costs, depreciation and exceptional item/(Finance costs + Short-term borrowings + Current maturities of long-term borrowings)	0.75	0.56
(ii) Debt service coverage ratio = Earnings before finance costs, exceptional item and tax/(Finance costs + Principal repayment for long term borrowings made during the period)	3.03	3.79

Note - the above borrowings and interest payments do not include payment related to leases.

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

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

(d) Network and Capital redemption reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Redemption Reserve	7.5	7.5
Net Worth	190,343.2	174,817.1

₹ in Million

15 Figures for previous periods have been regrouped/reclassified wherever considered necessary.

As per our report of even date

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

per **PAUL ALVARES**
Partner
Membership No. : 105754
Pune, May 27, 2020

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

DILIP S. SHANGHVI
Managing Director
(DIN: 00005588)

SAILESH T. DESAI
Wholtime Director
(DIN: 00005443)

SUNIL R. AJMERA
Company Secretary

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

IND AS- 24 - "RELATED PARTY DISCLOSURES"

ANNEXURE "A"

Names of related parties and description of relationships	
a Subsidiaries	
Green Eco Development Centre Limited	Mutual Pharmaceutical Company Inc.
Sun Pharmaceutical (Bangladesh) Limited	Dungan Mutual Associates, LLC (Refer Footnote 10)
Sun Pharmaceutical Industries, Inc.	URL PharmPro, LLC (Refer Footnote 11)
Sun Farmaceutica Do Brasil Ltda.	2 Independence Way LLC
Sun Pharma De Mexico S.A. DE C.V.	Universal Enterprises Private Limited
SPIL De Mexico S.A. DE C.V.	Sun Pharma Switzerland Limited
Sun Pharmaceutical Peru S.A.C.	Sun Pharma East Africa Limited
OOO "Sun Pharmaceutical Industries" Limited	Pharmalucence, Inc.
Sun Pharma De Venezuela, C.A.	PI Real Estate Ventures, LLC
Sun Pharma Laboratories Limited	Sun Pharma ANZ Pty Ltd (formerly known as Ranbaxy Australia Pty Ltd)
Faststone Mercantile Company Private Limited	Ranbaxy Farmaceutica Ltda.
Neetnav Real Estate Private Limited	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)
Realstone Multitrade Private Limited	Sun Pharma Egypt Limited LLC (Formerly Known as Ranbaxy Egypt Ltd)
Skisen Labs Private Limited	Rexcel Egypt LLC
Sun Pharma Holdings	Office Pharmaceutique Industriel Et Hospitalier
Softdeal Trading Company Private Limited	Basics GmbH (Refer Footnote 7)
Sun Pharma (Netherlands) B.V. (Formerly known as Ranbaxy (Netherlands) B.V.)	Ranbaxy GmbH (Refer Footnote 7)
Sun Pharma France (Formerly Known as Ranbaxy Pharmacie Generiques)	Ranbaxy Ireland Limited
Ranbaxy (Malaysia) Sdn. Bhd.	Ranbaxy Italia S.P.A.
Ranbaxy Nigeria Limited	Sun Pharmaceutical Industries S.A.C. (formerly known as Ranbaxy - PRP (Peru) S.A.C.)
Foundation for Disease Elimination and Control of India	Ranbaxy (Poland) Sp. Z o.o.
Zenotech Laboratories Limited	Terapia SA
Chattem Chemicals Inc.	AO Ranbaxy (formerly known as ZAO Ranbaxy)
The Taro Development Corporation	Ranbaxy South Africa (Pty) Ltd.
Alkaloida Chemical Company Zrt.	Ranbaxy Pharmaceutical (Pty) Ltd.
Sun Pharmaceuticals UK Limited (Refer Footnote 4)	Be-Tabs Investments (Pty) Ltd. (Refer Footnote 4)
Sun Pharmaceutical Industries (Australia) Pty Limited	Sonke Pharmaceuticals Proprietary Limited
Aditya Acquisition Company Ltd.	Sun Pharma Laboratorios, S.L.U. (Formerly known as Laboratorios Ranbaxy, S.L.U.)
Sun Pharmaceutical Industries (Europe) B.V.	Ranbaxy (U.K.) Limited
Sun Pharmaceuticals Italia S.R.L. (Refer Footnote 4)	Ranbaxy Holdings (U.K.) Limited
Sun Pharmaceuticals Germany GmbH	Ranbaxy Europe Limited (Refer Footnote 4)
Sun Pharmaceuticals France	Ranbaxy Inc.
Sun Pharma Global FZE	Ranbaxy (Thailand) Company Limited
Sun Pharmaceuticals (SA) (Pty) Ltd	Ohm Laboratories, Inc.
Sun Global Canada Pty. Ltd. (Refer Footnote 4)	Ranbaxy Signature LLC
Sun Pharma Philippines, Inc.	Sun Pharmaceuticals Morocco LLC (formerly known as Ranbaxy Morocco LLC)
Sun Pharmaceuticals Korea Ltd.	"Ranbaxy Pharmaceuticals Ukraine" LLC
Sun Global Development FZE (Refer Footnote 3)	Insite Vision Incorporated
Caraco Pharmaceuticals Private Limited	Sun Pharmaceutical Medicare Limited
Sun Pharma Japan Ltd.	JSC Biosintez
Pola Pharma Inc. (Refer Footnote 5)	Sun Pharmaceuticals Holdings USA, INC
Sun Pharma Healthcare FZE (Refer Footnote 3)	Zenotech Laboratories Nigeria Limited (Refer Footnote 3)
Morley & Company, Inc. (Refer Footnote 9)	Zenotech Inc
Sun Laboratories FZE	Zenotech Farmaceutica Do Brasil Ltda
Taro Pharmaceutical Industries Ltd. (TARO) (Refer Footnote 6)	Sun Pharma Distributors Limited (Refer Footnote 2)
Taro Pharmaceuticals Inc.(Refer Footnote 8)	Kayaku Co., Ltd. (Refer Footnote 2)

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

IND AS- 24 - "RELATED PARTY DISCLOSURES"

ANNEXURE "A"

Names of related parties and description of relationships	
Taro Pharmaceuticals U.S.A., Inc.	Realstone Infra Limited (Refer Footnote 1)
Taro Pharmaceuticals North America, Inc.	
Taro Pharmaceuticals Europe B.V.	
Taro Pharmaceuticals Ireland Limited (Refer Footnote 4)	
Taro International Ltd.	
Taro Pharmaceuticals (UK) Limited (Refer Footnote 4)	
3 Skyline LLC	
One Commerce Drive LLC	
Taro Pharmaceutical Laboratories Inc	
Taro Pharmaceuticals Canada, Ltd. (Refer Footnote 8)	
Alkaloida Sweden AB (Refer Footnote 4)	
Dusa Pharmaceuticals, Inc.	
Names of related parties where there are transactions and description of relationships	
b Joint Ventures	
Artes Biotechnology GmbH	
c Associate	
Medinstill Development LLC	
d Key Management Personnel (KMP)	
Dilip Shantilal Shanghvi	Managing Director (DIN No. : 00005588)
Sudhir Vrundavandas Valia	Non-Executive Director (Designation changed from Whole-time Director to Non-Executive Director on May 29, 2019) and Non-Independent Director (DIN No. : 00005561)
Sailesh Trambaklal Desai	Wholetime Director (DIN No. : 00005443)
Israel Makov	Chairman and Non- Executive Director (Non- Independent (DIN No. : 05299764))
Kalyanasundaram Iyer Natesan Subramanian	Wholetime Director (DIN No. : 00179072)
e Relatives of Key Management Personnel	
Aalok Shanghvi	
Vidhi Shanghvi	
f Others (Entities in which the KMP and relatives of KMP have control or Significant influence)	
Makov Associates Limited	
Sun Pharma Advanced Research Company Limited.	
Sun Petrochemicals Private Limited	
Ramdev Chemicals Private Limited (upto April 25, 2019)	
Sidmak Laboratories (India) Private Limited	
Aditya Medisales Limited	
United Medisales Private Limited	
PV Power Technologies Private Limited	
Asepco Solutions Private Limited	
Fortune Integrated Assets Finance Ltd	
Suraksha Asset Reconstruction Private Limited	

Footnote

- Incorporated/Acquired during the year
- Incorporated/Acquired during the previous year
- Dissolved/Liquidated during the year
- Dissolved/Liquidated during the previous year
- Pola Pharma Inc. has been merged with Sun Pharma Japan Ltd w.e.f. January 01, 2020:
- Holds voting power of 84.73% (beneficial ownership 77.10%) [March 31, 2019 84.36% (beneficial ownership 76.54%)]
- Ranbaxy GmbH has been merged with Basics GmbH w.e.f April 01, 2018
- Taro Pharmaceuticals Canada, Ltd. has been merged with Taro Pharmaceuticals Inc. w.e.f. April 01, 2018
- Morley & Company, Inc. has been merged with Taro Development Corporation w.e.f. March 27, 2020
- Dungan Mutual Associates, LLC has been merged with Mutual Pharmaceutical Company LLC w.e.f. March 16, 2020
- URL PharmPro, LLC has been merged with Mutual Pharmaceutical Company LLC w.e.f. March 16, 2020

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

IND AS- 24 - "RELATED PARTY DISCLOSURES"

ANNEXURE "A"

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

Type of Transaction	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of goods	3,355.8	3,053.8
Subsidiaries	3,344.2	2,902.7
Others	11.6	151.1
Purchase of property, plant and equipment	46.6	129.8
Subsidiaries	46.1	128.1
Associates	-	1.7
Others	0.5	-
Revenue from contracts with customers, net of returns	91,454.3	72,036.8
Subsidiaries	91,482.2	41,114.8
Others	(27.9)	30,922.0
Sale of property, plant and equipment	25.4	302.4
Subsidiaries	20.1	25.0
Others	5.3	277.4
Receiving of service	2,014.3	1,130.9
Subsidiaries	1,314.0	585.1
Joint ventures	45.5	29.3
Others	654.8	516.5
Reimbursement of expenses paid	5,435.8	13,089.2
Subsidiaries	5,136.9	13,080.9
Joint ventures	-	3.9
Others	298.9	4.4
Rendering of service	2,784.2	2,944.1
Subsidiaries(*)	2,723.6	2,839.4
Others	60.6	104.7
Reimbursement of expenses received	295.7	56.7
Subsidiaries	255.0	6.1
Others	40.7	50.6
Loans given	1,508.7	2,934.3
Subsidiaries	1,508.7	2,934.3
Loans received back	128.2	303.3
Subsidiaries	128.2	303.3
Security Deposit received	0.1	-
Subsidiaries	0.1	-
Sales of investment	8,570.9	8,580.4
Subsidiaries	8,570.9	8,580.4
Loan taken	34,178.4	15,340.9
Subsidiaries	34,178.4	15,340.9

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

IND AS- 24 - "RELATED PARTY DISCLOSURES"

ANNEXURE "A"

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

Type of Transaction	₹ in Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Loan repaid	22,494.7	21,390.6
Subsidiaries	22,494.7	21,390.6
Interest on loans repaid	-	383.7
Subsidiaries	-	383.7
Dividend income on preference shares	-	14.5
Subsidiaries	-	14.5
Dividend income on equity shares	9,258.3	8,894.8
Subsidiaries	9,258.3	8,894.8
Interest income	469.3	613.7
Subsidiaries	427.6	110.0
Others	41.7	503.7
Interest expense	564.5	426.4
Subsidiaries	564.5	426.4
Rent income	36.3	40.5
Subsidiaries	13.5	17.2
Others	22.8	23.3
Rent expense/Payment towards Lease Liabilities	177.1	2.1
Subsidiaries	177.1	2.1
Provision/(reversal) in respect of losses of a subsidiary	(2,502.9)	366.9
Subsidiaries	(2,502.9)	366.9
Provision for doubtful debt	-	27.1
Subsidiaries	-	27.1
Remuneration	200.5	39.7
Key management personnel ^(#)	171.4	14.6
Relatives of Key management personnel	29.1	25.1

(*) Includes income recognised from profit sharing supply arrangements.

(#) Mr. Sudhir Vrundavandas Valia stepped down from the position of Whole-time Director of the Company to Non-Executive Director of the Company, with effect from May 29, 2019. He continues to be a Non-Promoter, Non-Executive and Non-Independent Director of the Company. As he stepped down from the position of Whole-time Director of the Company, the Salary includes the following amounts paid at the time of final settlement: leave encashment of ₹15.1 Million and gratuity of ₹38.9 Million which is being reimbursed by LIC as per policy.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

IND AS- 24 - "RELATED PARTY DISCLOSURES"

ANNEXURE "A"

Balance outstanding as at the end of the year

	₹ in Million	
	As at March 31, 2020	As at March 31, 2019
Receivables	57,125.1	51,257.7
Subsidiaries	57,123.6	49,277.3
Others	1.5	1,980.4
Payable	8,390.8	5,411.3
Subsidiaries	8,266.3	5,322.8
Joint Venture (March 31, 2019 ₹48,558)	0.1	0.0
Key management personnel	0.1	0.3
Relatives of Key management personnel	-	0.9
Others	124.3	87.3
Loan taken	12,191.8	-
Subsidiaries	12,191.8	-
Loan given	4,404.0	2,779.7
Subsidiaries	4,404.0	2,779.7
Security Deposit given	62.5	62.5
Subsidiaries	62.5	62.5
Security Deposit Received	0.1	-
Subsidiaries	0.1	-
Other liabilities	18,537.9	30,126.9
Subsidiaries	18,537.9	30,126.9
Advance from customers	4,015.1	2,130.0
Subsidiaries	4,015.1	2,130.0
Advance (includes capital and supply of goods/services)	211.2	511.5
Subsidiaries	-	300.4
Associates	211.2	211.1
Lease liabilities		
Subsidiaries	1,803.1	-

- a) The sales to and purchases from related parties are made on an arm's length basis. Outstanding trade balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has recorded impairment of receivables relating to amounts owed by related parties (wholly owned subsidiaries) amounting to ₹59.9 Million (March 31, 2019: ₹59.9 Million).
- b) Provision includes obligation arising from a supply contract to Sun Laboratories FZE, a wholly owned subsidiary of the Company amounting to ₹19,776.8 Million (March 31, 2019: ₹20,758.2 Million). These right and obligation were acquired by Sun Laboratories FZE from Atlas Global Trading LLC in the previous year.