

Sun Pharmaceutical Industries Limited

Registered Office: Sun Pharma Advanced Research Centre, Tandajja, Vadodara - 390012.
Corporate Office: Sun House, CTS No. 201 B/1, Western Express Highway, Goregaon (E), Mumbai - 400063 Tel.: +91 22 4324 4324.
CIN: L24230GJ1993PLC019050, Website : www.sunpharma.com

Statement of Unaudited Consolidated Financial Results for the Quarter and Nine Months ended December 31, 2021

(₹ In Million)

Particulars	Quarter ended			Nine Months ended		Year ended
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations						
a. Revenue from contracts with customers	98,141.7	95,567.4	88,088.3	290,403.4	247,693.4	332,330.8
b. Other operating revenues	488.9	691.9	279.5	1,673.9	2,058.2	2,650.6
Total revenue from operations (I)	98,630.6	96,259.3	88,367.8	292,077.3	249,751.6	334,981.4
II Total income	4,325.1	2,228.9	3,149.5	8,079.2	7,245.2	8,355.2
III Total income (I+II)	102,955.7	98,488.2	91,517.3	300,156.5	256,996.8	343,336.6
IV Expenses						
Cost of materials consumed	17,137.3	15,849.4	14,276.0	48,607.7	44,063.2	61,531.3
Purchases of stock-in-trade	7,923.7	8,735.8	8,683.4	26,290.9	24,333.5	31,751.7
Changes in inventories of finished goods, stock-in-trade and work-in-progress	1,345.2	633.4	374.5	3,220.5	(3,903.5)	(6,382.2)
Employee benefits expense	18,509.1	18,062.7	17,204.5	54,159.2	51,847.8	68,622.3
Finance costs	189.7	359.5	261.0	900.1	1,113.3	1,414.3
Depreciation and amortisation expense	5,536.8	5,303.7	5,319.4	15,872.7	15,264.6	20,799.5
Other expenses	27,546.1	25,915.1	24,484.3	79,154.9	69,325.6	94,781.1
Net (gain) / loss on foreign currency transactions	105.9	763.5	(716.3)	70.6	(344.3)	(236.5)
Total expenses (IV)	78,293.8	75,623.1	69,886.8	228,276.6	201,700.2	272,281.5
V Profit / (loss) before exceptional items and tax (III-IV)	24,661.9	22,865.1	21,630.5	71,879.9	55,296.6	71,055.1
VI Exceptional items (Refer Note 4)	-	-	-	6,310.7	36,333.3	43,061.4
VII Profit / (loss) before tax (V-VI)	24,661.9	22,865.1	21,630.5	65,569.2	18,963.3	27,993.7
VIII (i) Tax expense/(credit) for period / year	3,353.9	1,977.8	2,449.4	9,287.4	7,479.3	9,242.0
(ii) Tax expense/(credit) - Exceptional (Refer Note 4 and 8)	-	-	-	-	(2,882.8)	(4,095.1)
IX Profit / (loss) for the period before share of profit / (loss) of associates and joint venture (VII-VIII)	21,308.0	20,887.3	19,181.1	56,281.8	14,366.8	22,846.8
X Share of profit / (loss) of associates and joint venture (net)	(45.2)	(23.9)	(47.0)	(115.2)	(67.4)	(123.3)
XI Net Profit / (loss) after taxes and share of profit / (loss) of associates and joint venture but before non-controlling interests (IX+X)	21,262.8	20,863.4	19,134.1	56,166.6	14,299.4	22,723.5
Non-controlling interests	674.8	393.3	609.3	666.8	(5,797.3)	(6,314.7)
XII Net Profit / (loss) after taxes, share of profit / (loss) of associates and joint venture and non-controlling interests	20,588.0	20,470.1	18,524.8	55,499.8	20,096.7	29,038.2
XIII Other comprehensive income (OCI)						
A. (i) Items that will not be reclassified to profit or loss	857.7	(1,355.7)	1,078.0	(1,433.7)	1,075.5	3,233.9
(ii) Income tax relating to items that will not be reclassified to profit or loss	181.2	111.2	42.7	284.9	11.3	(145.4)
B. (i) Items that may be reclassified to profit or loss	(207.5)	(824.8)	(1,956.5)	4,434.7	(2,871.5)	(4,031.6)
(ii) Income tax relating to items that may be reclassified to profit or loss	(39.3)	(1,014.1)	(161.1)	(927.8)	(562.5)	(517.2)
Total other comprehensive income (A+B) (XIII)	792.1	(3,083.4)	(996.9)	2,358.1	(2,347.2)	(1,460.3)
XIV Total comprehensive income for the period (XI+XIII)	22,054.9	17,780.0	18,137.2	58,524.7	11,952.2	21,263.2
Attributable to:						
- Owners of the Company	21,395.9	17,492.1	17,729.2	57,487.2	18,207.9	28,133.4
- Non-controlling interests	659.0	287.9	408.0	1,037.5	(6,255.7)	(6,870.2)
XV Paid-up equity share capital - face value ₹ 1 each	2,399.3	2,399.3	2,399.3	2,399.3	2,399.3	2,399.3
XVI Other equity						462,228.5
XVII Earnings per equity share of ₹ 1 each (not annualised for quarters)						
₹ (Basic)	8.6	8.5	7.7	23.1	8.4	12.1
₹ (Diluted)	8.6	8.5	7.7	23.1	8.4	12.1
See accompanying notes to the unaudited consolidated financial results						
Research and development expenses incurred (included above)	5,224.2	5,163.7	5,515.2	16,136.0	15,641.7	21,028.2

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Notes :

- 1 These unaudited consolidated financial results relate to Sun Pharmaceutical Industries Limited (the 'Company'), its Subsidiaries (together the 'Group'), Joint Venture and Associates and are prepared by applying Ind AS 110 - "Consolidated Financial Statements", and Ind AS 28 - "Investments in Associates and Joint Ventures"
- 2 The above unaudited consolidated financial results of the Company have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on January 31, 2022.
- 3 The above unaudited consolidated financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) as amended, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
- 4 Exceptional items includes the following :
 - a) On July 23, 2020, Taro Pharmaceuticals U.S.A., Inc. ("Taro"), our subsidiary, globally resolved all matters in connection with the multi-year investigations by the Department of Justice, Antitrust Division and Civil Division ("DOJ") into the United States generic pharmaceutical industry. Under a Deferred Prosecution Agreement reached with DOJ Antitrust, the DOJ filed an Information for conduct that took place between 2013 and 2015. If Taro adheres to the terms of the agreement, including the payment of \$ 205.7 Million (equivalent to ₹ 15,601.8 Million), the DOJ will dismiss the Information at the end of a three-year period. Taro has also reached a framework understanding with DOJ Civil, subject to final agreement and agency authorisation, in which Taro has agreed to pay \$ 213.3 Million (equivalent to ₹ 16,179.6 Million) to resolve all claims related to federal healthcare programs. Accordingly, an amount of \$ 418.9 Million (equivalent to ₹ 31,781.4 Million) was provided in the quarter ended June 30, 2020. In the quarter ended September 30, 2021, Taro has finalised its Settlement Agreement with the DOJ's Civil Division. Taro has paid in full the entire amount owed to both the DOJ's Antitrust Division and the DOJ's Civil Division under the Deferred Prosecution Agreement and Civil Settlement Agreement, respectively. Further, in respect of ongoing multi-jurisdiction civil antitrust matters, currently in progress, Taro, has made a provision of \$ 200 million (equivalent to ₹ 14,809.4 Million). Of the \$ 200 Million (equivalent to ₹ 14,809.4 Million), amounts of \$ 60 Million and \$ 80 Million (equivalent to ₹ 4,551.9 Million and ₹ 5,832.5 Million) were accounted for in quarter ended June 30, 2020 and March 31, 2021 respectively. Further, an additional provision of \$ 60 million (equivalent to ₹ 4,425.0 Million) was recognised in the quarter ended June 30, 2021. Exceptional tax for the quarter and year ended March 31, 2021, is on account of recognition of deferred tax asset amounting to ₹ 1,212.3 Million arising out above settlement.
 - b) On March 25, 2021 the CJEU (Court of Justice to the European Union) issued a final judgment and upheld the European Commission's ("EC") decision dated June 19, 2013 that a settlement agreement between Ranbaxy (U.K.) Limited and Ranbaxy Laboratories Limited (together "Ranbaxy") with Lundbeck was anti-competitive. Ranbaxy had made a provisional payment of the fine of Euros 10.3 Million on September 20, 2013. Since there were no further rights of appeal, this amount of ₹ 895.6 Million (inclusive of legal charges) was debited to the audited consolidated statement of profit and loss for the year ended March 31, 2021.
 - c) Result for the nine months ended December 31, 2021 include charges of ₹ 1,503.3 Million towards impairment of an acquired intangible asset under development. Further, in the previous quarter, the Group disposed off assets which were classified as assets held for sale as per the requirements of IND AS 105 and a write down of ₹ 382.4 Million was taken in the quarter ended June 30, 2021 and disclosed as an exceptional item.
- 5 Pursuant to the scheme of arrangement in the nature of amalgamation and merger of Sun Pharma Global FZE with the Company, as approved by the National Company Law Tribunal on August 31, 2021, Sun Pharma Global FZE, a wholly owned subsidiary, was transferred to the Company w.e.f January 01, 2020. Consequently, effect of the scheme including tax impact was given in the financial results of the previous quarter in accordance with Ind AS 103 – Business Combinations.
- 6 The Group continues to monitor the impact of Covid-19 on its business, including its impact on customers, supply-chain, employees and logistics. Due care has been exercised, in concluding on significant accounting judgements and estimates, including in relation to recoverability of receivables, assessment of impairment of goodwill and intangibles, investments and inventory, based on the information available to date, while preparing the unaudited consolidated financial results for the quarter and nine months ended December 31, 2021.
- 7 The Group has only one reportable segment namely 'Pharmaceuticals'.
- 8 Tax gain (exceptional) for the year ended March 31, 2021 is on account of creation of deferred tax asset amounting to ₹ 2,882.8 Million arising out of subsequent measurement attributable to restructuring of an acquired entity.
- 9 The date of implementation of the Code on Wages 2019 and the Code on Social Security, 2020 is yet to be notified by the Government. The Group will assess the impact of these Codes and give effect in the unaudited consolidated financial results when the Rules/Schemes thereunder are notified.
- 10 The Board of Directors at its meeting held on January 31, 2022, have declared for the year 2021-2022, an interim dividend of ₹ 7.00 per equity share of ₹ 1 each. The record date fixed for the purpose of ascertaining the entitlement is February 10, 2022.
- 11 Figures for previous periods have been regrouped / reclassified wherever considered necessary.

For and on behalf of the Board

Dilip S. Shanghvi
Managing Director

Mumbai, January 31, 2022

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Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended December 31, 2021

(₹ in Million)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations						
a. Revenue from contracts with customers	37,574.7	41,209.3	38,749.2	115,302.8	103,388.8	139,884.0
b. Other operating revenues	131.9	222.2	(52.4)	488.2	1,099.1	1,276.5
Total revenue from operations (I)	37,706.6	41,431.5	38,696.8	115,791.0	104,487.9	141,160.5
II Other income	3,052.3	2,842.7	316.6	6,575.1	1,434.4	1,817.1
III Total income (I+II)	40,758.9	44,274.2	39,013.4	122,366.1	105,922.3	142,977.6
IV Expenses						
Cost of materials consumed	11,270.5	10,923.0	9,539.9	32,987.3	28,948.6	40,829.1
Purchases of stock-in-trade	3,253.2	2,854.4	2,669.7	10,107.6	8,414.6	12,042.1
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(251.0)	484.2	1,842.0	(330.5)	794.5	(1,796.4)
Employee benefits expense	5,017.9	5,090.7	4,572.3	15,028.4	13,791.3	18,059.8
Finance costs	854.7	1,039.8	743.2	2,969.1	1,622.1	2,675.2
Depreciation and amortisation expense	3,552.4	3,336.4	3,050.0	9,958.1	9,143.6	12,364.3
Other expenses	11,932.3	12,908.3	12,183.9	39,910.2	37,006.6	49,214.6
Net (gain) / loss on foreign currency transactions	(80.2)	528.2	(185.3)	(988.8)	(69.1)	137.6
Total expenses (IV)	35,549.8	37,165.0	34,415.7	109,641.4	99,652.2	133,526.3
V Profit / (loss) before exceptional item and tax (III-IV)	5,209.1	7,109.2	4,597.7	12,724.7	6,270.1	9,451.3
VI Exceptional items (Refer Note 4)	-	-	-	1,655.7	-	895.6
VII Profit / (loss) before tax (V-VI)	5,209.1	7,109.2	4,597.7	11,069.0	6,270.1	8,555.7
VIII Tax expense / (credit)	54.8	(981.5)	(71.5)	(793.2)	(305.1)	131.7
IX Profit / (loss) for the period (VII-VIII)	5,154.3	8,090.7	4,669.2	11,862.2	6,575.2	8,424.0
X Other comprehensive income (OCI)						
a. (i) Items that will not be reclassified to profit or loss	78.7	(207.9)	83.4	(473.9)	22.9	585.6
(ii) Income tax relating to items that will not be reclassified to profit or loss	113.0	48.4	21.9	162.8	74.8	36.0
b. (i) Items that may be reclassified to profit or loss	229.2	183.6	(241.3)	797.5	(334.4)	(250.8)
(ii) Income tax relating to items that may be reclassified to profit or loss	(62.3)	(1,035.5)	(93.4)	(971.3)	(379.9)	(376.0)
Total other comprehensive income (a+b) (X)	358.6	(1,011.4)	(229.4)	(484.9)	(616.6)	(5.2)
XI Total comprehensive income for the period (IX+X)	5,512.9	7,079.3	4,439.8	11,377.3	5,958.6	8,418.8
XII Paid-up equity share capital - face value ₹ 1 each	2,399.3	2,399.3	2,399.3	2,399.3	2,399.3	2,399.3
XIII Other equity						268,851.9
XIV Earnings per equity share of ₹ 1 each (not annualised for quarters and nine months)						
₹ (Basic)	2.1	3.4	1.9	4.9	2.7	3.5
₹ (Diluted)	2.1	3.4	1.9	4.9	2.7	3.5
See accompanying notes to the unaudited standalone financial results						
Research and development expenses incurred (included above)	3,877.1	4,088.3	3,914.5	12,327.5	11,197.6	15,141.0

Notes:

- 1 The above unaudited standalone financial results of the Company have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on January 31, 2022.
- 2 The above unaudited standalone financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) as amended, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
- 3 Pursuant to the scheme of arrangement in the nature of amalgamation and merger of Sun Pharma Global FZE with the Company, as approved by the National Company Law Tribunal on August 31, 2021, Sun Pharma Global FZE, a wholly owned subsidiary, was transferred to the Company w.e.f January 01, 2020. Consequently, effect of the scheme including the tax impact was given in the financial results of the previous quarter in accordance with Ind AS 103 – Business Combinations. The results for previous periods have been restated to give effect to the merger.
- 4 a) On March 25, 2021 the CJEU (Court of Justice to the European Union) issued a final judgment and upheld the European Commission's ("EC") decision dated June 19, 2013 that a settlement agreement between Ranbaxy (U.K.) Limited and Ranbaxy Laboratories Limited (together "Ranbaxy") with Lundbeck was anti-competitive. Ranbaxy had made a provisional payment of the fine of Euros 10.3 Million on September 20, 2013. Since there were no further rights of appeal, this amount of ₹ 895.6 Million (inclusive of legal charges) was debited to the audited standalone financial results for the year ended March 31, 2021.
b) Results for the nine months ended December 31, 2021 include a charge of ₹ 1,655.7 Million towards impairment of an acquired intangible asset under development.
- 5 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 unaudited standalone financial results for the quarter and nine months ended December 31, 2021.
- 6 The date of implementation of the Code on Wages 2019 and the Code on Social Security, 2020 is yet to be notified by the Government. The Company will assess the impact of these Codes and give effect in the unaudited standalone financial results when the Rules/Schemes thereunder are notified.
- 7 The Company has only one reportable segment namely 'Pharmaceuticals'.
- 8 The Board of Directors at its meeting held on January 31, 2022, have declared for the year 2021-2022, an interim dividend of ₹ 7.00 per equity share of ₹ 1 each. The record date fixed for the purpose of ascertaining the entitlement is February 10, 2022.
- 9 Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent not disclosed elsewhere in the results):

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

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

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

(b) Ratios

Ratios and Formulae	Quarter ended			Nine months ended		Year ended
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
(i) Debt equity ratio = (Long-term borrowings + Short-term borrowings + Current maturities of long-term borrowings and lease liabilities) / (Total equity)	0.13	0.27	0.20	0.13	0.20	0.27
(ii) Debt service coverage ratio = {Profit/(loss) after tax but before finance costs, depreciation and amortisation and exceptional items} / (Finance costs + Short-term borrowings + Current maturities of long-term borrowings and lease liabilities) (annualised)	3.52	3.69	0.73	3.09	0.51	1.15
(iii) Interest service coverage ratio = {Profit/(loss) before finance costs, exceptional item and tax} / (Finance costs)	7.09	7.84	7.19	5.29	4.87	4.53
(iv) Asset cover ratio = (Total assets - Intangible assets - Current liabilities excluding Short-term borrowings and Current maturities of long-term borrowings and lease liabilities) / (Long-term borrowings + Short-term borrowings + Current maturities of long-term borrowings and lease liabilities)	7.52	4.19	5.43	7.52	5.43	4.13
(v) Current ratio = (Current assets) / (Current liabilities)	1.48	1.59	0.89	1.48	0.89	1.28
(vi) Long term debt to working capital ratio = (Long term borrowings excluding current maturities of long term borrowings and lease liabilities) / (Current assets - Current liabilities)	0.75	1.35	(0.86)	0.75	(0.86)	1.98
(vii) Provision for doubtful trade receivable to account receivable ratio = (Provision for doubtful trade receivable / Trade receivables) (annualised)	0.00	(0.00)	0.00	(0.00)	0.00	0.00
(viii) Current liability ratio = (Current liabilities) / (Total liabilities)	0.68	0.52	0.81	0.68	0.81	0.59
(ix) Total debts to total assets ratio = (Long-term borrowings + Short-term borrowings + Current maturities of long-term borrowings and lease liabilities) / (Total assets)	0.09	0.17	0.12	0.09	0.12	0.17
(x) Debtors turnover ratio in no. of days = (Average trade receivables * no. of days) / (Revenue from contracts with customers)	141	140	146	145	164	167
(xi) Inventory turnover ratio = (Cost of materials consumed + Purchase of stock-in-trade + Changes in inventories of finished goods, stock-in-trade and work-in-progress) / (Average inventory) (annualised)	1.74	1.70	1.72	1.71	1.65	1.63
(xii) Operating EBITDA margin (%) = {Profit/(loss) before depreciation and amortisation expense, finance costs, exceptional item, tax, other operating revenue and other income} / (Revenue from contracts with customers)	17.12%	20.43%	20.97%	16.12%	14.03%	15.30%
(xiii) Net profit margin (%) = {Net profit/(loss) after tax} / (Total revenue from operations)	13.67%	19.53%	12.07%	10.24%	6.29%	5.97%

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

ISIN No	Issuance Date	Due Date of Payment	Actual Date of Repayment	Redemption Amount (₹ in Million)
INE044A14583	26-Aug-20	15-Jun-21	15-Jun-21	4,000.0
INE044A14641	26-Feb-21	28-May-21	28-May-21	3,000.0
INE044A14617	29-Jan-21	28-Jan-22	28-Jan-22	7,300.0

(d) Net worth and Capital redemption reserve

(₹ in Million)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
Capital Redemption Reserve	7.5	7.5	7.5	7.5	7.5	7.5
Net Worth	255,469.6	249,956.6	259,682.4	255,469.6	259,682.4	248,948.9

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

For and on behalf of the Board

Dilip S. Shanghvi
Managing Director