

Sun Pharmaceutical Industries Limited

Registered Office: Sun Pharma Advanced Research Centre, Tandalja, 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 ended June 30, 2022

(₹ In Million)

Particulars	Quarter ended			Year ended
	30.06.2022	31.03.2022	30.06.2021	31.03.2022
	Unaudited	Audited	Unaudited	Audited
I Revenue from operations				
a. Revenue from contracts with customers	106,439.7	93,860.8	96,694.3	384,264.2
b. Other operating revenues	1,177.9	606.8	493.1	2,280.7
Total revenue from operations (I)	107,617.6	94,467.6	97,187.4	386,544.9
II Other income	21.4	1,135.9	1,525.2	9,215.1
III Total income (I+II)	107,639.0	95,603.5	98,712.6	395,760.0
IV Expenses				
Cost of materials consumed	20,006.0	21,883.5	15,621.0	70,491.2
Purchases of stock-in-trade	9,108.3	7,809.4	9,631.4	34,100.3
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(112.3)	(4,296.6)	1,241.9	(1,076.1)
Employee benefits expense	20,748.5	18,849.1	17,587.4	73,008.3
Finance costs	136.9	373.4	350.9	1,273.5
Depreciation and amortisation expense	5,880.0	5,564.7	5,032.2	21,437.4
Other expenses	30,479.9	28,428.7	25,693.7	107,583.6
Net (gain) / loss on foreign currency transactions	(1,456.7)	(1,610.2)	(798.8)	(1,539.6)
Total expenses (IV)	84,790.6	77,002.0	74,359.7	305,278.6
V Profit / (loss) before exceptional items and tax (III-IV)	22,848.4	18,601.5	24,352.9	90,481.4
VI Exceptional items (Refer Note 4)	-	39,357.5	6,310.7	45,668.2
VII Profit / (loss) before tax (V-VI)	22,848.4	(20,756.0)	18,042.2	44,813.2
VIII (i) Tax expense/(credit) for period / year	1,889.9	2,231.8	3,955.7	11,519.2
(ii) Tax expense/(credit) - Exceptional (Refer Note 4)	-	(764.2)	-	(764.2)
IX Profit / (loss) for the period before share of profit / (loss) of associates and joint venture (VII-VIII)	20,958.5	(22,223.6)	14,086.5	34,058.2
X Share of profit / (loss) of associates and joint venture (net)	(24.6)	(50.2)	(46.1)	(165.4)
XI Net Profit / (loss) after taxes and share of profit / (loss) of associates and joint venture but before non-controlling interests (IX+X)	20,933.9	(22,273.8)	14,040.4	33,892.8
Non-controlling interests	325.1	498.7	(401.3)	1,165.5
XII Net Profit / (loss) after taxes, share of profit / (loss) of associates and joint venture and non-controlling interests	20,608.8	(22,772.5)	14,441.7	32,727.3
XIII Other comprehensive income (OCI)				
A. (i) Items that will not be reclassified to profit or loss	(331.0)	(439.8)	(935.7)	(1,873.5)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(4.5)	(124.0)	(7.5)	160.9
B. (i) Items that may be reclassified to profit or loss	9,410.2	3,306.2	5,467.0	7,740.9
(ii) Income tax relating to items that may be reclassified to profit or loss	370.5	471.6	125.6	(456.2)
Total other comprehensive income (A+B) (XIII)	9,445.2	3,214.0	4,649.4	5,572.1
XIV Total comprehensive income for the period (XI+XIII)	30,379.1	(19,059.8)	18,689.8	39,464.9
Attributable to:				
- Owners of the Company	29,168.7	(19,965.4)	18,599.2	37,521.8
- Non-controlling interests	1,210.4	905.6	90.6	1,943.1
XV Paid-up equity share capital - face value ₹ 1 each	2,399.3	2,399.3	2,399.3	2,399.3
XVI Other equity				477,712.9
XVII Earnings per equity share of ₹ 1 each (not annualised for quarters)				
₹ (Basic)	8.6	(9.5)	6.0	13.6
₹ (Diluted)	8.6	(9.5)	6.0	13.6
See accompanying notes to the unaudited consolidated financial results				
Research and development expenses incurred (included above)	4,498.3	5,189.1	5,748.1	21,325.1

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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 July 29, 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 paid this amount in full to the Antitrust Division. Taro also reached an agreement with the DOJ Civil Division on September 30, 2021, pursuant to which Taro agreed to pay \$ 213.3 Million (equivalent to ₹ 16,179.6 Million) to resolve all claims related to federal healthcare programs. Taro U.S.A. has paid this amount in full to the Civil Division. 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 quarters 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.

On April 08, 2022, our U.S. subsidiaries, Taro and Sun Pharmaceutical Industries Inc, (SPIINC) each entered into settlement agreements that resolve the above-reference civil anti-trust matter with the Direct Purchaser Plaintiffs class ("DPPs"), without any admission of guilt or violation of any statute, law, rule or regulation, or of any liability or wrongdoing, pursuant to which Taro will pay approximately USD 59.6 Million (provided for in earlier period) depending on the number of certain class members that may opt-out of the settlement, and SPIINC will pay approximately USD 15.3 Million (equivalent to ₹ 1,151.8 Million) depending on the number of certain class members that may opt-out of the settlement. Taro's and SPIINC's settlements with the DPPs is subject to final approval by the Court.

During the quarter ended March 31, 2022 SPIINC provided USD 15.3 Million for payments to DPPs. This along with related legal charges of USD 5.5 Million pertaining to this lawsuit (equivalent to ₹ 1,562.5 Million inclusive of legal charge) was disclosed as exceptional item.

Exceptional tax for the quarter and year ended March 31, 2022 and March 31, 2021, is on account of recognition of deferred tax asset amounting to ₹ 272.7 Million and ₹ 1,212.3 Million arising out above settlement.
 - b) Results for the quarter ended June 30, 2021 and year ended March 31, 2022 include charge of ₹ 1,503.3 Million towards impairment of an acquired intangible asset under development. Further, 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 disclosed as an exceptional item.
 - c) During the quarter and year ended March 31, 2022 the Company has incurred a one-time cost of ₹ 563.5 Million in relation to restructuring of operations in certain countries. This was disclosed as an exceptional item.
 - d) The parent company and certain of its subsidiaries are defendants in a number of class action lawsuits brought by purchasers and payors in the U.S. alleging violation of antitrust laws with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases were transferred to the U.S. District Court for the District of Massachusetts for coordinated proceedings. With a view to resolve the dispute and avoid uncertainty, a settlement without any admission of guilt or violation of any statute, law, rule or regulation, or of any liability or wrongdoing was reached with all of the plaintiff classes on March 23, 2022, for a total settlement amount of USD 485 Million and related legal charges of USD 8.3 Million pertaining to this lawsuit (equivalent to ₹ 37,231.5 Million inclusive of legal charges). The settlement is subject to final approval by the Court.

Exceptional tax for the quarter and year ended March 31, 2022, is on account of recognition of deferred tax asset amounting to ₹ 4,897.5 Million arising out above settlement.
 - e) Consequent to the settlement of lawsuit mentioned in 4(d) above, during the quarter and year ended March 31, 2022, the parent company had reassessed the expected timing of utilisation of Minimum Alternate Tax (MAT) credit and had written off MAT credit of ₹ 4,406.0 Million and disclosed the charge as an exceptional item.
- 5 The Group has only one reportable segment namely 'Pharmaceuticals'.
- 6 As part of the ongoing simplification of the group structure in India, the Board of Directors of the Company at its meeting held on May 30, 2022, approved the Scheme of Amalgamation for the merger of Wholly-owned Subsidiaries, Sun Pharmaceutical Medicare Limited, Green Eco Development Centre Limited, Faststone Mercantile Company Private Limited, Realstone Multitrade Private Limited and Skisen Labs Private Limited (collectively "Transferor Companies"), with Sun Pharmaceutical Industries Limited ("Transferee Company") with an appointed date of April 01, 2022 and / or such other date as may be approved by the National Company Law Tribunal pursuant to the provisions of Sections 230 to 232 of Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and rules framed thereunder.
- 7 On February 28, 2022, our subsidiary company, Taro Pharmaceutical Industries Ltd., had acquired all of the outstanding capital stock of Galderma Holdings Inc., Proactiv YK ; The Proactiv Company Corporation ; and other assets of The Proactiv Company Sarl. Accordingly, the results for the quarter ended June 30, 2022 are not comparable to the earlier periods presented.
- 8 The figures for the quarter ended March 31, 2022 represent the derived figures between the audited figures in respect of the full financial year ended March 31, 2022 and the unaudited published year-to-date figures up to December 31, 2021, being the date of the end of third quarter of the financial year, which were subjected to a limited review by the statutory auditor of the Company.
- 9 Figures for previous periods have been regrouped / reclassified wherever considered necessary.

For and on behalf of the Board

Dilip S. Shanghvi
Managing Director

Mumbai, July 29, 2022

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Statement of Unaudited Standalone Financial Results for the Quarter ended June 30, 2022

(₹ in Million)

Particulars	Quarter ended			Year ended
	30.06.2022	31.03.2022	30.06.2021	31.03.2022
	Unaudited	Audited	Unaudited	Audited
I Revenue from operations				
a. Revenue from contracts with customers	48,621.6	39,882.2	36,518.8	155,185.0
b. Other operating revenues	707.2	186.6	134.1	674.8
Total revenue from operations (I)	49,328.8	40,068.8	36,652.9	155,859.8
II Other income	489.9	3,004.1	680.1	9,579.2
III Total income (I+II)	49,818.7	43,072.9	37,333.0	165,439.0
IV Expenses				
Cost of materials consumed	13,295.2	12,862.4	10,793.8	45,849.7
Purchases of stock-in-trade	2,779.4	2,378.4	4,000.0	12,486.0
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(151.1)	(1,501.3)	(563.7)	(1,831.8)
Employee benefits expense	5,880.9	4,979.4	4,919.8	20,007.8
Finance costs	870.7	911.9	1,074.6	3,881.0
Depreciation and amortisation expense	3,745.0	3,541.4	3,069.3	13,499.5
Other expenses	14,300.0	12,752.3	15,069.6	52,662.5
Net (gain) / loss on foreign currency transactions	(1,272.2)	(1,400.8)	(1,436.8)	(2,389.6)
Total expenses (IV)	39,447.9	34,523.7	36,926.6	144,165.1
V Profit / (loss) before exceptional item and tax (III-IV)	10,370.8	8,549.2	406.4	21,273.9
VI Exceptional items (Refer Note 3)	-	16,549.6	1,655.7	18,205.3
VII Profit / (loss) before tax (V-VI)	10,370.8	(8,000.4)	(1,249.3)	3,068.6
VIII (i) Tax expense / (credit)	252.8	455.7	133.5	(337.5)
(ii) Tax expense - Exceptional (Refer Note 3)	-	4,406.0	-	4,406.0
IX Profit / (loss) for the period (VII-VIII)	10,118.0	(12,862.1)	(1,382.8)	(999.9)
X Other comprehensive income (OCI)				
a. (i) Items that will not be reclassified to profit or loss	110.1	484.4	(344.7)	10.5
(ii) Income tax relating to items that will not be reclassified to profit or loss	(38.5)	(105.5)	1.4	57.3
b. (i) Items that may be reclassified to profit or loss	(782.8)	(1,194.4)	384.7	(396.9)
(ii) Income tax relating to items that may be reclassified to profit or loss	273.5	384.2	126.5	(587.1)
Total other comprehensive income (a+b) (X)	(437.7)	(431.3)	167.9	(916.2)
XI Total comprehensive income for the period (IX+X)	9,680.3	(13,293.4)	(1,214.9)	(1,916.1)
XII Paid-up equity share capital - face value ₹ 1 each	2,399.3	2,399.3	2,399.3	2,399.3
XIII Other equity				243,480.2
XIV Earnings per equity share of ₹ 1 each (not annualised for quarters)				
₹ (Basic)	4.2	(5.4)	(0.6)	(0.4)
₹ (Diluted)	4.2	(5.4)	(0.6)	(0.4)
See accompanying notes to the unaudited standalone financial results				
Research and development expenses incurred (included above)	3,238.8	3,777.3	4,362.1	16,104.8

Notes:

- 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 July 29, 2022.
- 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.
- Exceptional items includes
 - Results for the period ended June 30, 2021 and year ended March 31, 2022 include a charge of ₹ 1,655.7 Million towards impairment of an acquired intangible asset under development.
 - The Company and certain of its subsidiaries are defendants in a number of class action lawsuits brought by purchasers and payors in the U.S. alleging violation of antitrust laws with respect to its ANDAs for Valganciclovir, Valsartan and Esomeprazole. The cases were transferred to the U.S. District Court for the District of Massachusetts for coordinated proceedings. With a view to resolve the dispute and avoid uncertainty, a settlement without any admission of guilt or violation of any statute, law, rule or regulation, or of any liability or wrongdoing was reached with all of the plaintiff classes on March 23, 2022, for a total settlement amount of USD 485 Million of which USD 210 Million was borne by the Company along with its related legal charges of USD 8.3 Million pertaining to this lawsuit (equivalent to ₹ 16,549.6 Million inclusive of legal charges). The settlement is subject to final approval by the Court.
 - Consequent to the settlement of lawsuit mentioned in 3(b) above, during the quarter and year ended March 31, 2022, the Company had reassessed the expected timing of utilisation of Minimum Alternate Tax (MAT) credit and had written off MAT credit of ₹ 4,406.0 Million and disclosed the charge as an exceptional item.
- As part of the ongoing simplification of the group structure in India, the Board of Directors of the Company at its meeting held on May 30, 2022, approved the Scheme of Amalgamation for the merger of Wholly-owned Subsidiaries, Sun Pharmaceutical Medicare Limited, Green Eco Development Centre Limited, Faststone Mercantile Company Private Limited, Realstone Multitrade Private Limited and Skisen Labs Private Limited (collectively "Transferor Companies"), with Sun Pharmaceutical Industries Limited ("Transferee Company") with an appointed date of April 01, 2022 and / or such other date as may be approved by the National Company Law Tribunal pursuant to the provisions of Sections 230 to 232 of Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and rules framed thereunder.
- The Company has only one reportable segment namely 'Pharmaceuticals'.
- The figures for the quarter ended March 31, 2022 represent the derived figures between the audited figures in respect of the full financial year ended March 31, 2022 and the unaudited published year-to-date figures up to December 31, 2021, being the date of the end of third quarter of the financial year, which were subjected to a limited review by the statutory auditor of the Company.
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For and on behalf of the Board

Dilip S. Shanghvi
Managing Director

Mumbai, July 29, 2022