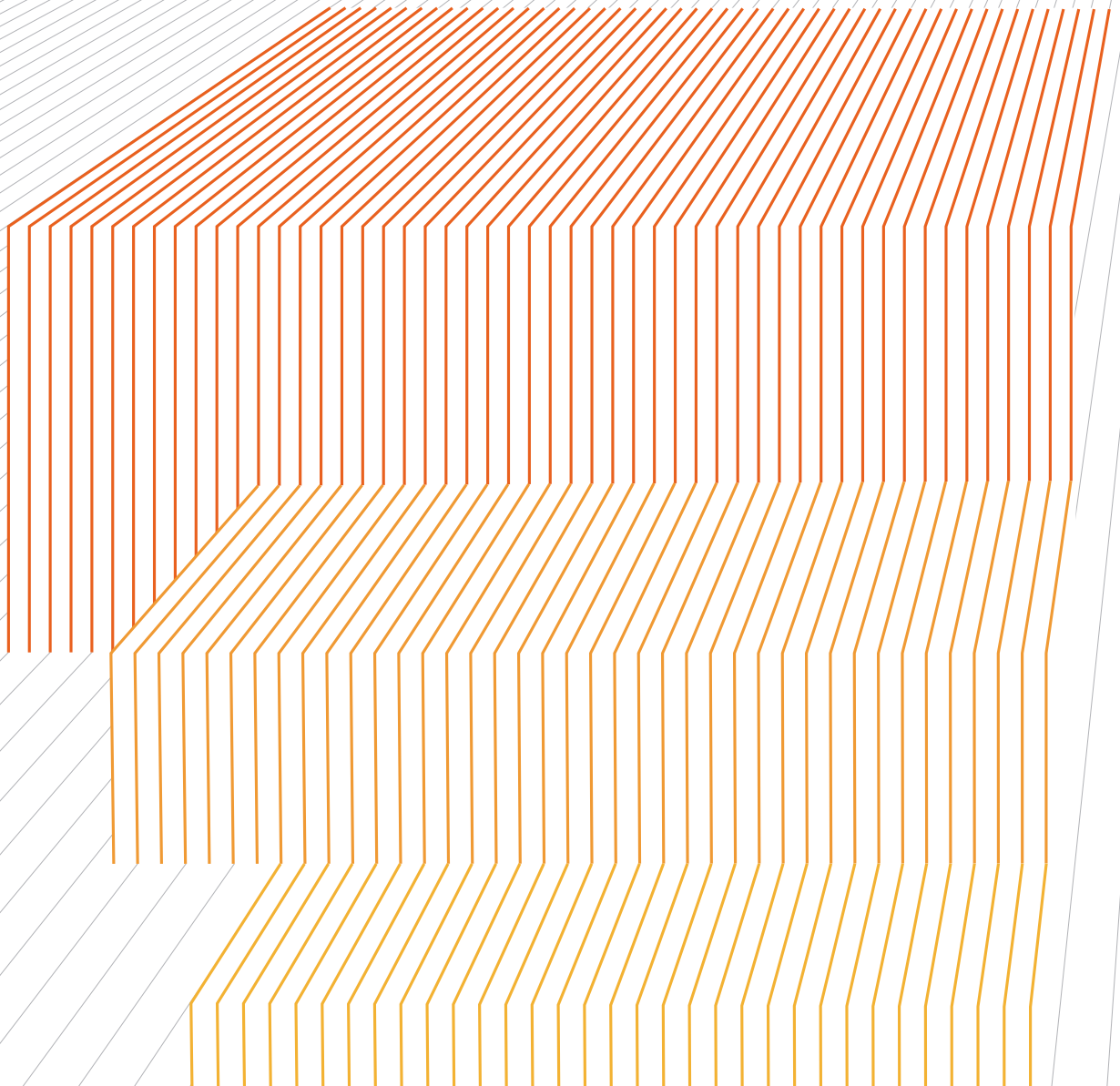


NATURAL PROGRESSION



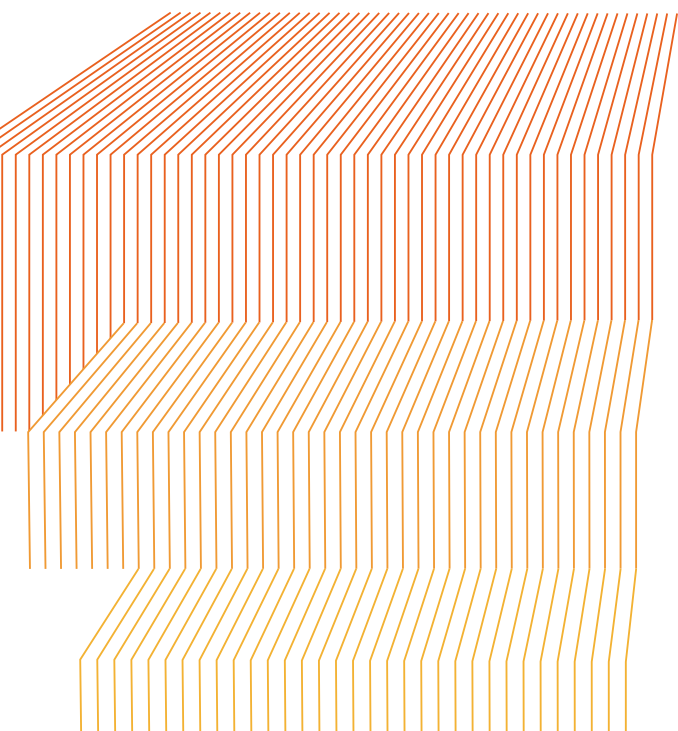
Annual Report 2010-11



CONTENTS

Natural Progression

Lines depicting steps—incremental change, gradual growth, lines sloping upwards. Innumerable such steps adding up, to form a smooth growth pattern when seen from a distance. Progress shown with lines racing to the distance, to infinity. The cover shows an artist's interpretation of the company's progress



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Disclaimer

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



2010-11 was a good year for Sun Pharma,

as were the preceding years. Our financial performance was strong, we completed a significant acquisition, enriched the portfolio of products we offer in the US, strengthened our speciality rankings in India and rest of world markets, added to our intellectual capital, and yet again reaffirmed our commitment to high standards of corporate governance and stakeholder transparency.

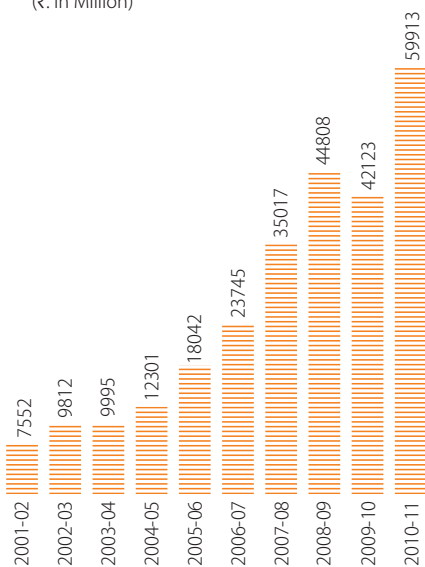
We are today the largest Indian company in the US generics space, the largest pharma company in India in chronic therapies, and an emerging force in the rest of the world markets.

We believe each development over the past year, incremental as it may seem in isolation, is part of a natural growth trajectory that builds from strength to strength. We will endeavor to drive future value through our steadily growing base business, complemented with acquisitions and alliances, while retaining the same respect for the bottomline.

KEY PERFORMANCE INDICATORS

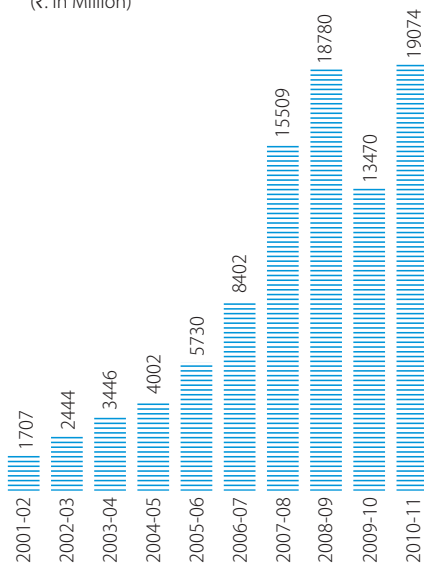
Total Income

(₹. in Million)



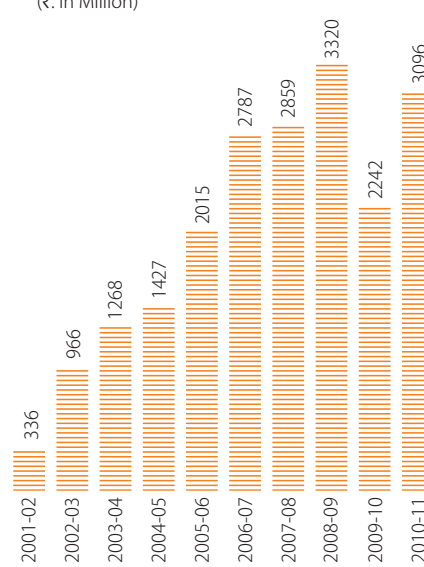
Profit After Tax

(₹. in Million)



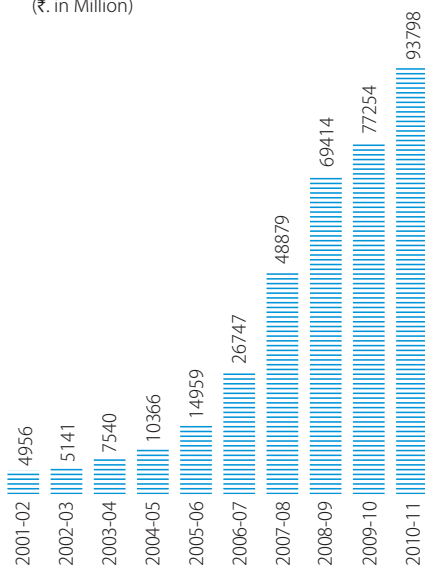
R & D Expenditure

(₹. in Million)



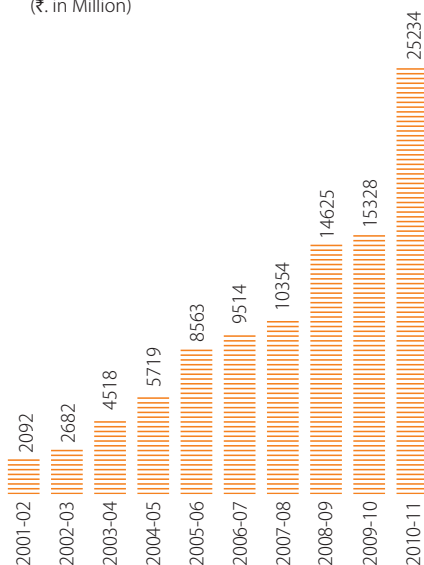
Reserve and Surplus

(₹. in Million)



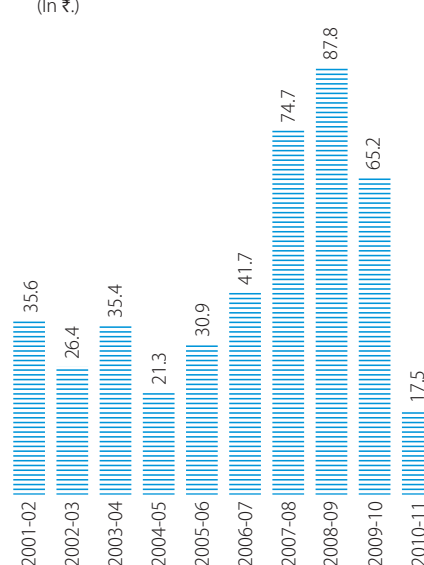
Net Block

(₹. in Million)



Earning Per Share - Basic*

(In ₹)



* During the financial year 2002-03, each Equity shares of ₹.10/-each was split into two equity share of ₹.5/- each.
During the financial year 2010-11, each Equity shares of ₹.5/-each was split into five equity share of ₹.1/- each.

PERFORMANCE AND FINANCIAL HIGHLIGHTS

TEN YEAR
FINANCIAL HIGHLIGHTS

(₹. in Million)

Consolidated										
Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Operating Performance										
Income from Operations	7505	9725	9847	11983	17372	22373	34606	43751	38086	57214
Total Income	7552	9812	9995	12301	18042	23745	35017	44808	42123	59913
Profit after tax	1707	2444	3446	4002	5730	8402	15509	18780	13470	19074
R&D Expenditure	336	966	1268	1427	2015	2787	2859	3320	2242	3096
a) Capital	197	363	598	418	481	347	134	222	159	236
b) Revenue	139	603	670	1009	1534	2440	2725	3098	2083	2860
c) % of Turnover	5%	12%	13%	12%	12%	13%	9%	8%	6%	5%
Financial Position										
Equity Share Capital	468	465	464	928	929	967	1036	1036	1036	1036
Reserve and Surplus	4956	5141	7540	10366	14959	26747	48879	69414	77254	93798
Gross Block	3007	4033	6232	7806	12342	14252	15960	21476	23340	45520
Net Block	2092	2682	4518	5719	8563	9514	10354	14625	15328	25234
Investment	818	38	1765	6485	3541	2543	6565	18595	31664	22310
Net Current Asset	2410	3725	4808	16360	23006	26843	33995	35485	28542	45939
Stock Information										
Number of Shares	46,774,537	93,048,478	92,755,678	185,511,356	185,731,637	193,402,120	207,116,391	207,116,391	207,116,391	1,035,581,955
Earnings per Share- Basic (In ₹)*	35.6	26.4	35.4	21.3	30.9	41.7	74.7	87.8	65.2	17.5
Earning Per Share- Diluted (In ₹)*	35.6	13.2	17.7	20.7	27.7	38.9	71.8	87.8	65.2	17.5

* During the financial year 2002-03, each Equity shares of ₹.10/-each was split into two equity share of ₹.5/- each.
During the financial year 2010-11, each Equity shares of ₹.5/-each was split into five equity share of ₹.1/- each.

MANAGEMENT DISCUSSION AND ANALYSIS

THE GLOBAL PHARMA MARKET

Global Pharma quick facts 2010



- The global pharma market has registered **4.1% growth** to reach **US\$856 billion**.
- Global generic drug spending is estimated to be **US\$ 234 billion**.
- The US pharmaceutical market stood at US\$310.6 billion.
- European markets of Germany, France, Italy, Spain and UK reached US\$ 147.4 billion.
- The 17 'pharmerging' countries of China, India, Russia, Brazil, Turkey, Venezuela, Poland, Argentina, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan and Ukraine stood at US\$ 150.5 billion.
- The Indian pharma market stood at US\$ 12.3 billion.

(Source: IMS Health)

Outlook

Global pharma market is expected to grow by **5-7%** to reach **US\$ 880 billion** in 2011

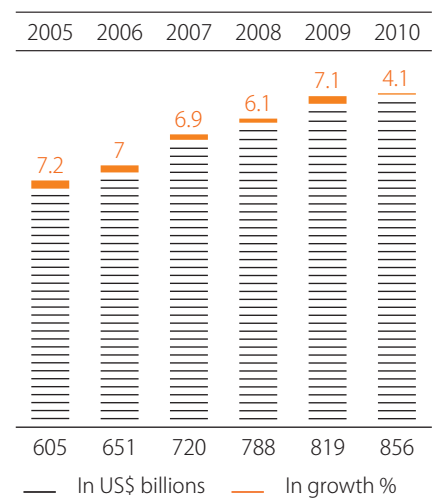
Global pharma market to reach **US\$ 1.1 trillion** by 2014

US pharma market will reach anywhere between **US\$ 320** and **350 billion** by 2015

European markets to reach up to **US\$ 160 billion** by 2015

(Source: IMS Health)

A GROWTH OF WORLDWIDE PHARMA SPENDING OVER THE YEARS



(Source: IMS Health)

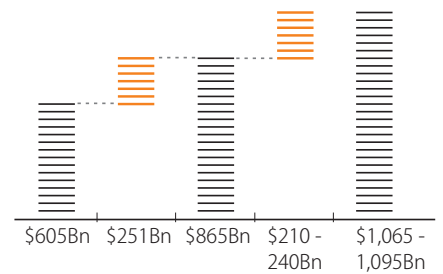
Management Discussion and Analysis

Although global spending on medicines is expected to grow from US\$ 856 billion in 2010 to reach around US\$ 1,065-1,095 billion in 2015, the incremental growth in global medicine spending is expected to slow from the US\$251 billion increment registered in 2006-10 to the expected US\$ 210-240 billion increment during 2010-15. Patent expiries, increasing generic sales and budget controls may restrain successive growth in medicines spending globally, especially in developed markets.

Between 2005 and 2015 the share of developed markets (US and EU 5) in global medicine spending is expected to fall, the share of pharmerging countries is expected to rise, and is expected to remain steady for Japan, rest of Europe and Canada. Pharmerging markets will witness the highest growth in the next five years, driven by increased access through healthcare reforms and economic growth.

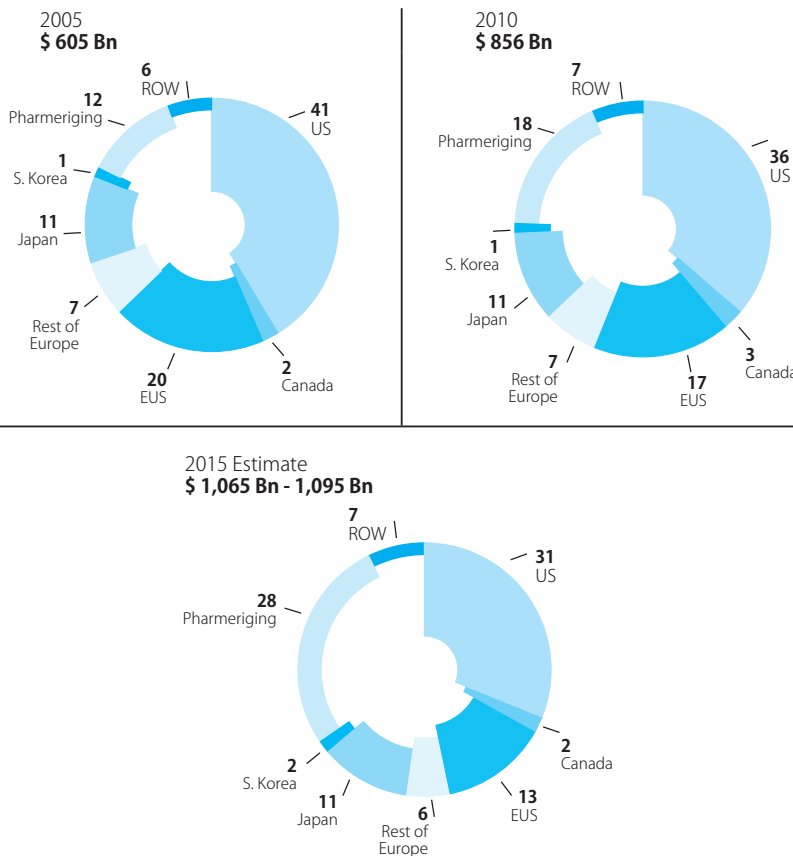
B GLOBAL SPENDING ON MEDICINES

2005	2006-10	2010	2011-15	2015 E
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(Source: IMS Health)

C SPENDING ON MEDICINES BY GEOGRAPHY (In %)



(Source: IMS Health)

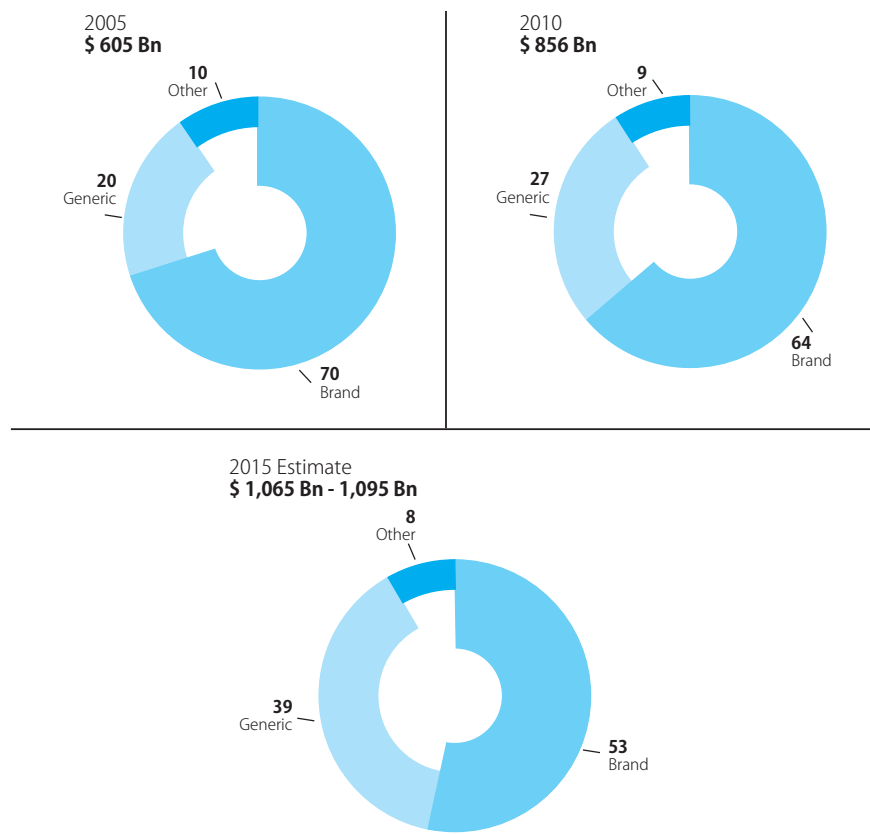


BRANDED GENERICS VS. PATENTED DRUGS

Although a large number of branded products lost their patent protection during the year in the US, however, this did not trigger extensive growth in generic drugs (which are low cost therapeutic equivalents of patented or innovative drugs), on account of intense price competition. Pricing continues to be one of the most important issues in the pharma world, as affordable healthcare remains a priority for governments worldwide. The rising cost of new product development for new molecules on one hand, as well as spiraling healthcare budgets and mounting governmental pressure to reduce drug prices have prompted companies to ramp up their generic/ branded generic business (Source: IMS Health).

Brands comprised about 2/3rd of the global pharmaceutical spending during the year 2010. As patents expire in developed markets, the share of branded or patented products is expected to decline in the coming years.

D GLOBAL MARKET, SEGMENT WISE (In %)



(Source: IMS Health)

Note: a) Generics includes branded generics
b) Others includes OTC and non categorized products

Global generic drug spending is estimated to be **US\$ 234 billion** in 2010

Global spending on generics to reach **US\$ 400-430 billion** by 2015

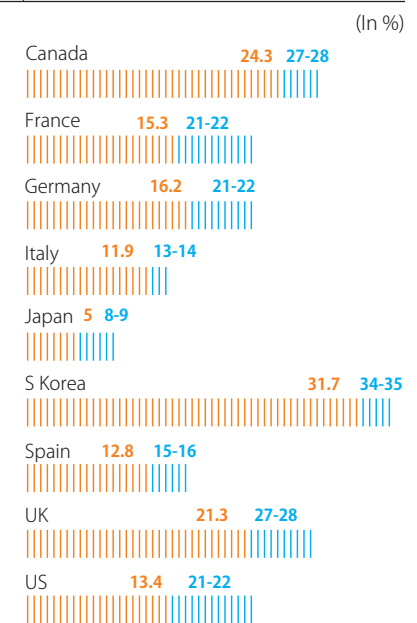
US pharma spending to grow **0-3%** by 2015 but US Generics market to grow at a CAGR of 10% by 2013 reaching **US\$ 108.5 billion** by 2013

The global market share for patented medicines is expected to decline from **64%** in 2010 to **53%** by 2015

(Sources: IMS Health and Credit Suisse Report, April 2011)

It is expected that highest growth in generics spending would come from the US, Canada, UK, and South Korea. Japan may continue with the lowest generic share, despite significant policy incentives to increase generic prescribing and dispensing.

E DEVELOPED MARKETS GENERIC SHARE (In %)



○ 2010 Generic Share ● 2015 Share Increase Estimate

(Source: IMS Health)

GROWTH SHIFTING TO PHARMERGING MARKETS

The 17 'pharmerging' countries are expected to contribute 28% to global market spending by 2015. Pharmerging markets are expected to double their spending on medicines to \$285-315 billion by 2015, compared with \$151 billion in 2010 (Source: IMS Health).

The Asia Pacific pharmaceutical market, comprising India, China, Malaysia, South Korea and Indonesia, has emerged as one of the fastest growing pharmaceutical markets. High growth, witnessed in emerging markets, has led to a focus shift for large pharma companies from regulated markets to emerging markets. It is expected that while growth in regulated markets will slow down, emerging markets would lead industry growth. Emerging markets have traditionally been characterized with one or more of the following:

- Relatively low entry barriers in terms of product registration requirements and intellectual property rights
- Price sensitivity
- Favorable regulatory environment
- Rising disposable incomes
- Likely increase in health insurance schemes
- Low manufacturing costs
- Competitive local industry presence

The past decade has witnessed the industry scenario undergoing a transformation with the expansion by Big Pharma in India, China, Brazil, Russia and Latin America. Some of the challenges faced by Big Pharma in emerging countries, as well as some of the strategies that they've adopted to counter the challenges are as follows:

Challenges

- Increasing competition in generic segment
- Pricing issues
- Declining research and development (R&D) productivity

Strategies

- Offering low-cost generic products
- Cutting down costs
- Contract manufacturing
- Mergers & acquisitions
- Partnerships & alliances

Future projections

Tier wise countries		Incremental Pharma Market Growth (2008-13)
Tier I	China	US\$ 40 billion +
Tier II	Brazil Russia India	US\$ 5-15 billion
Tier III	Venezuela Poland Argentina Turkey Mexico Vietnam South Africa Thailand Indonesia Romania Egypt Pakistan Ukraine	US\$ 1-5 billion

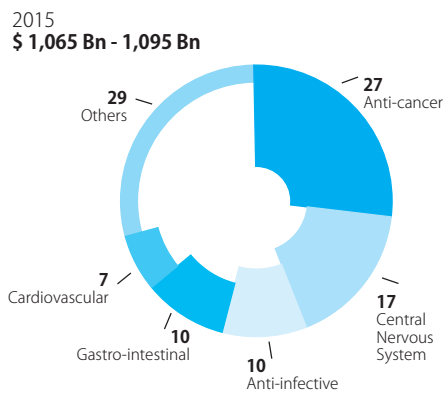
(Source: IMS Health)

CHRONIC THERAPY AREAS GLOBALLY

During the year, high volume sales were recorded for anti-cancers, antipsychotics, lipid regulators, proton pump inhibitors and antidepressants. A combination of changing lifestyle patterns, better diagnostic tools and increasing awareness and access, are leading to an increase in incidence and treatment sought for chronic diseases like hypertension, congestive heart failure, depression, asthma and diabetes all over the world. Additionally, factors like pollution and environment changes contribute to an increased incidence of asthma.

Growth is expected to continue in generics, as well as in anti-diabetics, cardiovasculars, and anti-hypertensives in 2011. The prevalence of Type II diabetes is expected to increase in pharmerging countries, such as China, India and Brazil, because of a growing population and changing lifestyle conditions, as well as better access and diagnosis (Source: IMS Health).

G 2015: LEADING THERAPY AREA ESTIMATES (BRANDED PRODUCTS): (in %)



(Source: India Pharma 2015, McKinsey Research Report)



Formulation analytical area, SPARC

THE INDIAN PHARMACEUTICAL MARKET

Globally, the Indian pharmaceutical industry ranks 10th in terms of value and third in terms of volume (Source: India Pharma 2020, McKinsey Research Report). According to IMS Health, the Indian Pharma market was estimated to be around \$12.3 billion in 2010.

Branded generics in India

India is largely a branded generics market, which makes up nearly 70-80% of the total pharmaceutical market, with a small percentage of unbranded generics being sold here (Source: India Pharma 2020, McKinsey Research Report). The country exports branded generics in large volumes, which are expected to grow at a CAGR of 21-23% during 2009-2014 (Source: Crisil, March 2010).

Formulations in India

Formulations are mostly manufactured for therapeutics, such as anti-diabetics, neuro/central nervous system (CNS), cardiovascular, respiratory and anti-infectives, with acute therapy products, such as anti-infectives and painkillers forming the largest share. The domestic formulations market, which stood at around ₹ 417 billion in 2009-10, is expected to grow further owing to better access, awareness, affordability, an increasing middle class population, urbanization, increasing efforts by the government to offer rudimentary health insurance, particularly in the rural areas. India exports formulations in large volumes to semi-regulated markets (SRM), such as Africa, Asia, CIS and Latin America (Source: Crisil, March 2010).

Global Pharma in India

The Indian pharmaceutical market is highly fragmented with 300 large and 18,000 mid-sized and small companies. Some of the Indian pharma companies provide contract research and manufacturing services (CRAMS) to global pharma majors, who find it more cost effective to outsource these activities. The last two years have witnessed a sudden expansion surge by multiple global pharma giants in India, like setting up offices and R&D centers, offering patented products at a special India price, building a portfolio of branded generics, and expanding their reach to rural India. The markets, which were intensely competitive to begin with, became even more so with these new and refocused companies becoming serious about their presence in the Indian market.

Chronic therapy products in India

India is one of the fastest growing pharma markets, attributed to rising disposable incomes with increased affordability, gradually growing insurance penetration, greater life expectancy, rural penetration, and a shift in disease profile towards chronic lifestyle illnesses. Specialty and super specialty therapies are expected to continue growing faster than the rest of the market in the coming years. Increasing pressures of urbanisation, lifestyle changes and work stress are responsible for an increase in the incidence of chronic diseases. Cardiovascular diseases are expected to be the largest cause of deaths and disabilities in India by 2020.

Diabetes incidence to increase by **25%** by 2020

(Source: India Pharma 2020, McKinsey Research Report)

Cancer incidence to increase by **40%** by 2020

(Source: India Pharma 2020, McKinsey Research Report)

People suffering from hypertension would increase to **213.5 million** in 2025

(Source: Mint, July 8, 2010)

Future projections

It is expected that by 2020, **73 million** new households would enter the middle and upper income bracket and nearly **650 million** people would enjoy health insurance cover. The Indian Government is expected to increase its health spending to **1.5% of the GDP** by 2020

(Source: India Pharma 2020, McKinsey Research Report)

To grow at a CAGR of **12-14%** between 2009 and 2015 to reach **US\$ 20-24 billion** by 2015

To reach **US\$ 55 billion** by 2020

(Source: India Pharma 2020, McKinsey Research Report)

OPERATIONAL HIGHLIGHTS 2010-11

- Successful acquisition of Taro Pharma following three years of litigation and negotiations. Sun Pharma holds an economic stake of **66%** and enjoys voting rights of **77%** in **Taro**
- Indian branded generics grew **37%** to reach **₹ 23,800 million**
- The API segment sales declined **4%** to reach **₹ 5,212 million**
- The emerging market branded generic business grew **32%** to reach **₹ 6,444 million**
- International operations grew across **41 markets**.
- Received approvals of **18 products** from the USFDA, including complex products like **Diltiazem HCL ER Capsules, Galantamine HCL ER Capsules** and **Atomoxetine HCL Capsules**.
- Brought exclusive products (**Eloxatin and Pantoprazole**) to the US market, these products enjoy limited competition.
- During the year, Research & Development expenditures stood at **₹ 3,096 million**



SPARC Centre, Mumbai

FINANCIAL HIGHLIGHTS 2010-11

 50%

Annual sales grew **50%** to reach
₹ **57,214** million

14%

Staff cost is 14% of net sales,
largely on account of Taro's staff
cost

 44%

EBITDA jumped **44%** to reach
₹ **19,670** million

26%

Other expenditure is **26%** of the
net sales

 34%

Net profit surged **34%** to reach
₹ **18,160** million

31%

EBIT margin is at 31%

26%

Material cost stood at 26% of
net sales

₹ 17.50

Diluted EPS is ₹ 17.50,
significantly up from ₹13
for the last year



In the Panoli Plant

Note:

- Taro financials have been consolidated for a little over 6 months in FY11 financials (from 20th September, 2010 onwards)
- Financials include significant components of non-recurring sales and profits contributed by a few products sold in first half of FY11

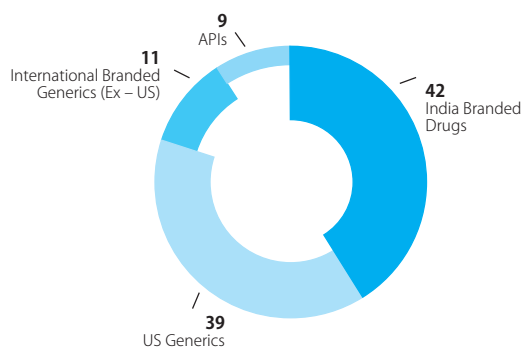
SEGMENT ANALYSIS



Our business can be divided into four segments:

- Indian Branded Generics
- US Generics
- International Branded Generics (Rest of the world, except US)
- Active Pharmaceutical Ingredients (API)

H 2010-11 BUSINESS SEGMENTS REVENUE BREAK-UP (WITH TARO) (in %)



Business Category	Sales (₹. Million)
India Branded Drugs	23,800
US Generics	22,538
International Branded Generics (Ex - US)	6,444
APIs	5,212

INDIAN BRANDED GENERIC

Revenue: ₹ 23,800 million
YoY Growth: 37 %

Revenue Share: 42%
Manufacturing locations: Six

Segment identity

- Sixth largest branded generics player in India by prescription share
- Ranked 1st based on share of prescriptions in six classes of specialists: psychiatrists, neurologists, cardiologists, ophthalmologists, orthopaedics and gastroenterologists.
- Market leader in chronic segments
- Over 50% of our brands feature among the top three brands for the molecule
- Product basket includes 537 formulations
- Marketing therapy-based products through 18 divisions and 2,700 sales representatives to 130,000 specialist doctors
- We specialize in technically complex products and offering a complete therapy basket, enabling us to remain competitive in a challenging market environment

Highlights of the year

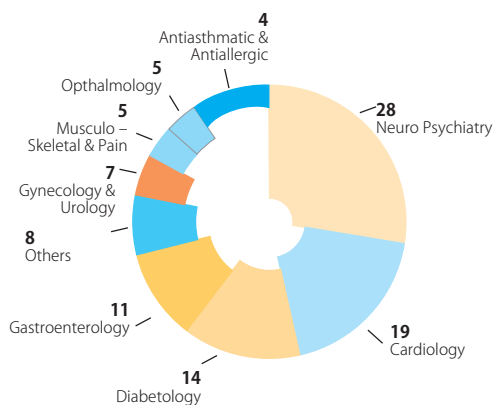
- Revenues increased from ₹ 17,412 million in 2009-10 to ₹ 23,800 million in 2010-11
- Market share at 4.3% in 2010-11, according to AWACS
- Launched 38 new products during the year
- Strengthened our prescription share
- Our top 10 brands contributed 15% to the domestic revenues
- Our top 50 brands contributed 52% to the domestic revenues



Halol Plant

THERAPY WISE BREAK-UP

(in %)



(IMS data)

INDIAN BRANDED GENERICS

We continue with our emphasis on building customer relationships by facilitating academic interaction and continuing medical education. For instance, an epilepsy course was organized countrywide, with international speakers. CMEs and programs to share therapy advances in neurology, ophthalmology and respiratory were also organized. We also conducted over a hundred health camps for disease detection last year.



Future projections	
Therapeutic segment	Ranking (CMARC ranking, November 2010 - February 2011)
Psychiatry	1
Neurology	1
Cardiology	1
Orthopedic	1
Ophthalmology	1
Diabetology	2
Gastroenterology	1
Chest physicians	4
Nephrology	2
Consultant physicians	2
Oncologists	8
Urology	8
ENT specialists	18
Gynecology	6

Top ten brands in India	
Brand	Therapy
Pantocid	Proton pump inhibitor/ antiulcerant
Glucored Group	Oral antidiabetic
Susten	Women's healthcare
Aztor	CVS, cholesterol reducing agent
Pantocid-D	Proton pump inhibitor/ antiulcerant
Gemer	Oral antidiabetic
Repace Group	CVS, Hypertension
Strocit	CNS, stroke
Clopilet	CVS, anticlotting agent
Encorate chrono	CNS, epilepsy

US GENERICS

Revenue: ₹ 22, 537.9 million

(Includes Taro Pharma sales from September 20, 2010)

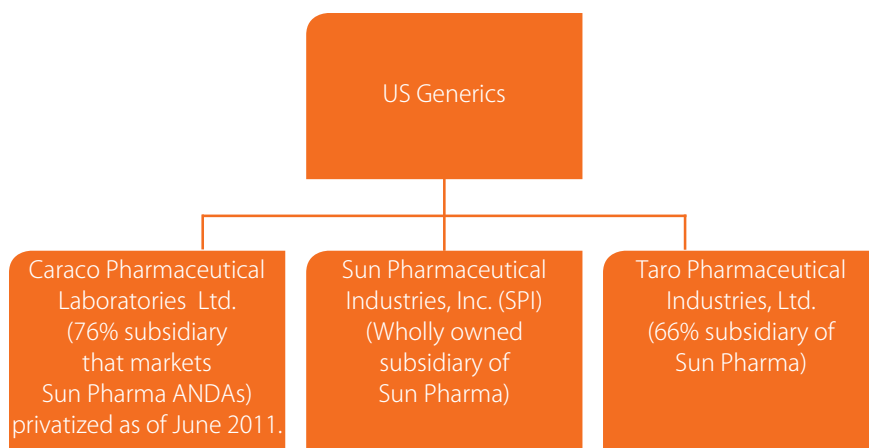
Growth: 104% including Taro Pharma sales for this year, one-offs from exclusivity products with limited period sales, and acquisitions. Also two plants, the Detroit and Cranbury plants have not been operational for the past year.

Revenue Share: 39%

Manufacturing locations:

Nine – US (3) Canada (1), Israel (1), Hungary (1), and India (3)

The three formulation sites in India are approved for US generics, including a facility that holds approvals for injectables and eye drops. One of the US sites is designed to handle controlled substance formulations.



Segment identity

- Successfully acquired Taro in September 2010
- From 1997 to 2005, acquired Caraco, the plants and business of the erstwhile Able Labs, a semisolids plant in Ohio, and an API plant in Tennessee from Valeant
- Product basket includes a mix of generics with limited competition, and some with intensive competition
- Launched technically complex products, such as Amifostine, Lupreolide, Octreotide and Vecuronium

US GENERICS

Taro identity

- Strong presence in dermatology where Taro is working actively to regain its leadership amidst heightened competition
- Major thrust on introducing globally accepted products, penetrating new markets, and strengthening the research and development pipeline
- The production facility at Canada is approved by the Ministry of Health and USFDA
- Delivering to high expectation remains the key challenge.

Caraco identity

- Production facility continued to be non-operational; however, efforts were on to accelerate compliance and meet FDA requirements; active involvement of consultants underway to achieve this
- Overall sales of distributed products has been good during the year
- Caraco to benefit from an increased focus on generics in the US, post its resolution of FDA issues and restarting of manufacturing operations.

Highlights of the year

- Grew revenues **104%** from ₹ 11,069 million in 2009-10 to **₹ 22,537.9** million in 2010-11
- Launched **18** new products during the year
- Filed **25 ANDAs** and received approvals on **18 ANDAs** during the year
- This takes the total to **377 ANDA** filed and **225 ANDA** received, in all, across companies.

Therapy wise approvals

Therapeutic segment	Number of approvals received till date
Skin	89
CNS	53
CVS	20
Pain	15
Allergy	13
Oncology	12
Metabolism	7
Cough / Cold	6
Antibiotic	3
Urology	2
Respiratory	1
Gastro	1
Endocrine	1
Others	2



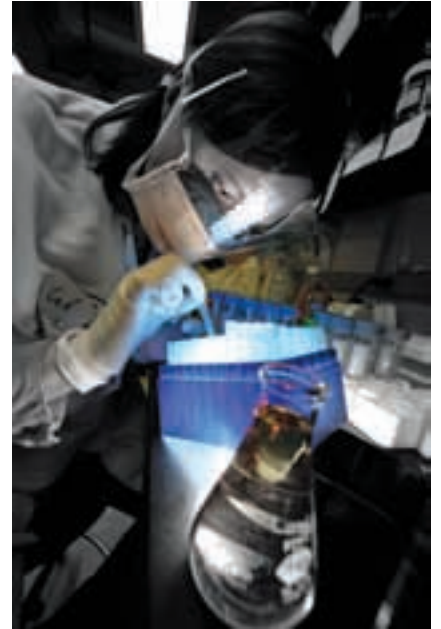
ANDA Approvals

Year	Cumulative Products Filed	Cumulative Products Approved
2004-05	40	15
2005-06	59	20
2006-07	96	29
2007-08	142	53
2008-09	177	69
2009-10	207	84
2010-11 (with Taro)	377	225

INTERNATIONAL BRANDED GENERICS (EX-US)

Revenue: ₹ 6,444.4 million
(includes Taro Pharma ROW sales from September 20, 2010 onwards)
Growth: 32%

Revenue Share: 11%
Manufacturing locations:
One each in Mexico, Brazil, Bangladesh;
3 sites in India also hold approvals to manufacture products for these markets.



Segment identity

- Over 1,578 registered products and more than 900 products in the pipeline
- Chronic therapy areas are expected to continue growing faster than the rest of the market - increased demand for medicines of metabolic syndrome, obesity, diabetes, neurology, and respiratory
- More than 600 sales representatives including local personnel as part of the sales force; representatives make doctor calls, build a prescription- pull. Events and CMEs focused on creating lasting relationships through academic means in much the same way as we do in India
- The filing of products from the facilities at Mexico and Brazil has commenced
- We had initiated generic exports to select markets in Europe last year, which has continued this year as well, with approvals such as Docefrez and Gemcitabine

Presence

- Present in 41 pharmaceutical markets across four continents
- High potential markets are Russia, China, Brazil, Mexico, ex-CIS nations and South Africa
- Future plan to selectively build a presence with difficult or technically differentiated generics, such as injections, in certain European markets. Continue to bring differentiated branded generics to the rest of the world markets

Highlights of the year

- Received registration for our drugs in the Philippines, Taiwan, Hong Kong and Australia
- At the close of the year, entered into an agreement with Merck to create a joint venture to market branded generics with a delivery system advantage, which would use our product development capability and their regulatory/market strength. The first of these products is at least three years from market. The joint venture does not include current registrations by either company.

API

Revenue: ₹ 5,212 million

Growth: (4)%

Revenue Share: 9%

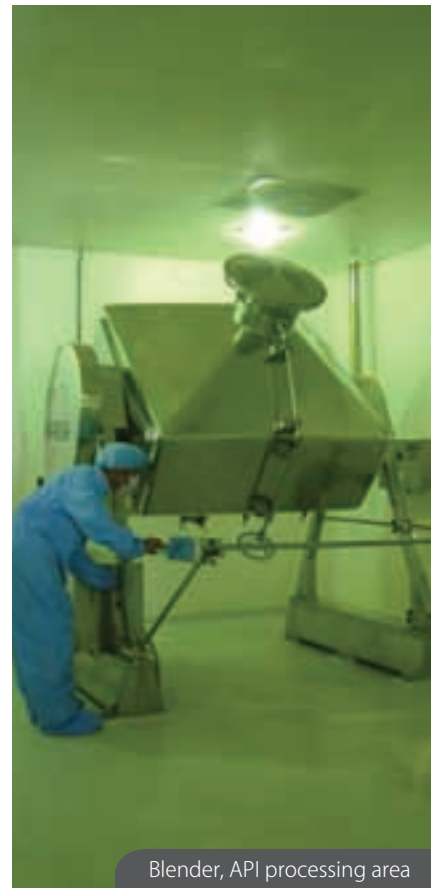
Manufacturing locations: Five in India, one in the US, one in Hungary, and one in Israel

Segment identity

- Backward integration to specialty API has helped us compete against global competitors for our formulations. We internally source API for most of our key products.
- Presence in over 56 countries, sales primarily to large companies or innovator companies.
- Dominant player in products like Pentoxifylline, Clomipramine and Mesalazine
- Manufacture over 170 APIs; most of these complex APIs are used in the manufacture of specialty or chronic pharmaceuticals in-house
- The Panoli and Ahmednagar facilities manufacture APIs for peptides, anticancers, steroids and sex hormones
- World-class facilities, accredited ISO 14001 and ISO 9002
- Most of our plants have received approvals from USFDA and regulatory authorities of various developed countries
- Implemented value engineering, which helped improve equipment productivity, reduced process steps, improved chemistry and optimized manufacturing costs
- Plans to strengthen presence in Japan and China, and the API hubs of Germany and Italy
- The Hungary unit manufactures controlled substances
- The Tennessee plant holds quotas for controlled substances API manufacture in the US
- We scale up around 25 API processes annually
- 15 DMF/ CEPs filed in 2010-11

Highlights of the year

- Revenues declined from ₹ 5,427.7 million in 2009-10 to ₹ 5,212.2 million in 2010-11
- Scaled up 28 new API during 2010-11
- Received DMF/ CEP approvals for 15 APIs from various regulatory authorities in 2010-11



Blender, API processing area

RESEARCH & DEVELOPMENT



SPARC Centre, Baroda

Research and development provides critical support for all our manufacturing and new product plans. It is undertaken at our state-of-the-art centres at Baroda and Mumbai. Additionally, Taro has R&D centres in Israel and Canada. We have over 983 qualified scientists. We are now well experienced in developing complex APIs as well as formulating complex, technology-intensive products, across dosage forms. Through our research and development activities, we are able to offer complex products. This year, generic R&D spend is around 5% of net sales, partly on account of slowdown in development work related to generics at Cranbury and Caraco's sites. Our research team specializes in generics, finished dosage development, analytical development, biological support and chemistry or process development.

R&D expenditure

Year	Investment in R&D (₹ in million)	R&D investment (as % of net revenue)
2005-06	2,015	12
2006-07	2,787	13
2007-08	2,859	9
2008-09	3,320	8
2009-10	2,242	6
2010-11 (includes Taro)	3,096	6

The Baroda centre develops complex APIs and dosage forms for India, ROW markets, US and Europe; while the Mumbai centre focuses on developing differentiated dosage forms and generics for developed markets like the US and Europe. These laboratories are equipped with facilities that aid us in pharmacokinetics, formulation development, organic synthesis, clinical research and analytical development. Our team has developed several products that use delivery systems, such as metered dose inhalers, osmotic release formulations and nasal sprays.

377 cumulative ANDAs filed

225 cumulative ANDAs approved

207 DMF / CEP cumulative applications filed

127 DMF / CEP cumulative applications approved

549 total patent applications submitted

248 total patents granted

25 ANDAs filed in 2010 -11

18 ANDAs approved in 2010 -11

15 DMFs filed in 2010 -11

15 DMFs approved in 2010 -11

Regulatory

Value chain functions encompass product development, manufacturing, marketing and quality compliance of regulatory requirements. We regularly update ourselves with the changing regulations across different countries and adopt the norms accordingly. Operating in such a competitive environment, it is imperative to be the first mover in adapting to the changing regulations. We adopt and periodically upgrade the regulatory norms across India.

QUALITY

The most important factor in a pharma company is to consistently maintain and improve quality. We are focused on quality-conscious regulated markets, and hence our products abide by the highest quality standards. Our Quality Management Team worldwide comprises over 1200 members. Nearly all our facilities have received quality accreditations from some of the world's most demanding regulatory bodies

At Sun Pharma we are committed to ensure that every product we manufacture and distribute meets with and conforms over its shelf life to internationally accepted standards of quality, purity, efficacy and safety.

System and procedures are in place to ensure that each batch of the product manufactured by Sun Pharma is of right quality. In order to maintain quality consistently each plant has well defined procedures and systems in compliance with cGMP requirements that meet demanding regulatory requirements such as that of the USFDA, EMEA, MHRA, TGA, etc.

Quality systems are well defined and validated to ensure consistency in deliveries. Quality unit at plant is independent from manufacturing and other support functions such as warehousing and engineering support. All quality personnel are qualified and well trained. Each site has a dedicated team of Quality personnel from quality assurance, quality engineering, quality control, and regulatory affairs departments ensuring the strict adherence to the quality systems and procedures. This site quality team, at each manufacturing site, is guided by a Corporate Quality Unit (CQU). CQU ensures that all latest updates in GMP are being translated into Guidelines, SOPs and Protocols and at the sites Quality unit ensures that these guidelines, SOPs and protocols are implemented to deliver quality product consistently.



Granulation area, Dadra

INTELLECTUAL CAPITAL



We have largely been successful in attracting and retaining talent and creating opportunities for them to develop their technical skills as well as soft skills. One of the powerful drivers of our growth is the human resources team. Although one of the key challenges lies in retaining the junior level employees operating in R&D, manufacturing and on the field.

At Sun Pharma, we try to offer a congenial environment for our people to help them to perform, lead and grow the organization. We have implemented an institutionalized system of promotions, known as Career Progression Program (CPP) which helps us choose our leaders from within the organization.

INTERNAL CONTROLS

Sun Pharma's defined organizational structure, documented policy guidelines and adequate internal controls ensure efficiency of operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions.

Moreover, the Company continuously upgrades these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, conducted by independent firms of Chartered Accountants to cover various operations on a continuous basis.

The Company regularly upgrades its systems in line with the best available practices.

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Nineteenth Annual Report and Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

(₹ in million except dividend per share and book value)

	Year ended March 31, 2011	Year ended March 31, 2010
Total Income	32989	26084
Profit after tax	13838	8987
Dividend on Equity Shares	3625	2848
Corporate Dividend tax	588	473
Transfer to General Reserve	5000	3000
Amount of dividend per equity share of ₹1/- each (Previous year per equity share of ₹ 5/- each)	3.5	13.75
Book value per equity share of ₹1/- each(Previous year per equity share of ₹ 5/- each)	65	276

Dividend

Your Directors are pleased to recommend an equity dividend of ₹ 3.50 per equity share of face value ₹ 1/- each (previous year ₹ 13.75 per equity share of face value ₹ 5/- each) for the year ended March 31, 2011.

Split of Equity Shares

As approved by the Shareholders of the Company by way of postal ballot conducted during November, 2010, the results of which were announced on November 12, 2010, the Equity Shares of ₹ 5/- each of the Company were sub-divided into 5 Equity Shares of ₹ 1/- each during the year under review.

Management Discussion and Analysis

The management discussion and analysis on the operations of the Company is provided in a separate section and forms part of this report.

Your Directors recommended an equity dividend of ₹ 3.50 per equity share of face value ₹ 1/- each for the year ended March 31, 2011.

The Equity Shares of ₹ 5/- each were sub-divided into 5 Equity Shares of ₹ 1/- each during the year.

Your Company has a dedicated team of over 11200 multicultural employees at various locations across our corporate office, associate companies, various R&D centers & 19 plant locations spread across three continents.

Human Resources

Human Resource development continues to be a key focus area at Sun Pharma and your Company takes great pride in the commitment, competence and vigor shown by its workforce in all realms of business. You have a dedicated team of over 11200 employees at various locations across our corporate office, various R&D Centers & 19 plant locations (including associate companies) spread across three continents. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business. A transparent work culture, quality of work and supportive environment induces discretionary behavior among employees which gives them the opportunity to personally succeed in a way that leads to collective organizational success. Your Directors truly appreciate the efforts and contribution by Team Sun Pharma for maintaining and further accelerating the growth pace.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is available at the registered office of your Company. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all shareholders of the Company and others entitled thereto excluding the aforesaid information. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary/Compliance Officer at the Corporate Office or Registered Office address of the Company.

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo.

The additional information relating to energy conservation, technology absorption, foreign exchange earning and outgo, pursuant to Section 217(1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure and forms part of this Report.

Corporate Governance

Report on Corporate Governance and Certificate of the auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges, are annexed.

Consolidated Accounts

In accordance with the requirements of Accounting Standard AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries is annexed to this Report.

Subsidiaries

The Ministry of Corporate Affairs, Government of India, New Delhi has issued direction under Section 212(8) of the Companies Act, 1956 vide general circular No.2/2011 dated February 8, 2011 and in accordance with the same, the Balance Sheet, the Profit and Loss

Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The information relating to each subsidiary including subsidiaries of subsidiaries, as required by the aforesaid circular, is disclosed in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company and its subsidiaries who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor at the Registered Office & Corporate / Head Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies also.

Finance

CRISIL continued to reaffirm its highest rating of "AAA/ Stable" and "P1+", for your Company's Banking Facilities throughout the year enabling your Company to avail facilities from banks at attractive rates. The Company does not offer any Fixed Deposit scheme.

Corporate Social Responsibility

At the close of a relatively event-free, disaster-free year, your Company persisted with participation in activities at the local, grassroots level across health and education. In the past, support has been offered towards disaster relief as well as participation in the facilitation of civic utilities around the plants/research centers. Your Company remains interested in these contributions.

Directors

Shri Dilip S. Shanghvi, Shri Sailesh T. Desai and Shri S.Mohanchand Dadha retire by rotation and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected appropriate accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and on the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities; and,

- (iv) that the Directors have prepared the annual accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

Auditors

Your Company's auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, retire at the conclusion of the forthcoming Annual General Meeting. Your Company has received a letter from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224(1-B) of the Companies Act, 1956.

Cost Auditors

The Company has appointed Messrs. Kailash Sankhlecha & Associates, Cost Accountants, Vadodara as Cost Auditors of our Company for conducting Cost Audit in respect of Bulk Drugs & Formulations of your Company for the year ended March 31, 2011.

Acknowledgements

Your Directors wish to thank all stakeholders and business partners, your Company's bankers, financial institutions, medical profession and business associates for their continued support and valuable co-operation. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

For and on behalf of the
Board of Directors

Dilip S. Shanghvi
Chairman & Managing Director

May 28, 2011
Mumbai

ANNEXURE (1) TO DIRECTOR'S REPORT

	2010-11	2009-10
CONSERVATION OF ENERGY		
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Unit (in '000 KWH)	26,775	43,396
Total Amount (₹ in Millions)	151.5	245.8
Rate (₹ / Unit)	5.7	5.7
(b) Own Generation through Diesel Generator		
Units (in '000 KWH)	2,702	2,783
Units per Litre of Diesel Oil	3.1	3.0
Cost (₹ / Unit)	12.9	11.1
(c) Own Generation through Gas		
Units (in '000 KWH)	45,219	24,852
Units per M ³ of Gas	10.8	10.6
Cost (₹ / Unit)	5.5	4.2
2. Furnace Oil		
Quantity (in '000 Litres)	771	2,591
Total Amount (₹ in Millions)	20.5	62.7
Average Rate	26.6	24.2
3 Gas (for Steam)		
Gas Units (in '000 M ³)	6,395	9,891
Total Amount (₹ in Millions)	119.8	151.6
Average Rate (₹ / Unit)	18.7	15.3
4 Wood / Briquette		
Quantity (in '000 Kgs)	29,008	8,852
Total Amount (₹ in Millions)	65.8	19.9
Average Rate (₹ / Unit)	2.3	2.2

B. Consumption per unit of production

It is not feasible to maintain product category-wise energy consumption data, since we manufacture a large range of formulations and bulk drugs having different energy requirements.

C. Energy conservation measures

- 1 Internal and External Energy Audits for improvisation and continuous monitoring of Power Factor.
- 2 ML lamps are replaced by 20 W CFL lamps thereby saving power.
- 3 Energy Efficient Gas fired Boiler installed, steam to fuel ratio improved and therefore reduction in gas consumption.
- 4 Installation of Surface Aerator in Aeration tank – 1 of ETP and stopping of Root Blower hence power saving. Dissolve Oxygen level improved in Aerator tank. Hence improving effectiveness of biodegradation.
- 5 3TPH Briquette fire boiler installed & stopped furnace oil boiler saving of fossil fuel.
- 6 To utilize heat from economizer for Boiler by giving forced circulation instead of existing thermo gradient heat transfer. This saved steam by recovering heat from temp. 160 Deg. C to 120 Deg. C.

TECHNOLOGY ABSORPTION

A. Research and Development

1. Specific areas in which R&D is carried out by the Company

Even several years after separating out our innovative research programs, we continue to be one of the most aggressive investors and developers of generic-related pharmaceutical research and technology in the country, with research programs to support our generic business pursued at our modern R&D centres. Our expert scientist team is engaged in complex developmental research projects in process chemistry and dosage forms, including complex generics based on drug delivery systems at these research centres. This research activity supports the short, medium and long term business needs of the company, in India and all the other markets that your company invests in.

Projects in formulation development and process chemistry help us introduce a large number of new and novel products to the Indian market including products with complexity or a technology edge. Process chemistry enables us to be integrated right up to the API stage for important products. This helps us maintain our leadership position in the Indian market with specialty formulations and derive market and cost advantage from APIs developed and scaled up In-house. Further, it helps us to compete in the international regulated markets across US / Europe.

The team also works on projects involving complex drug delivery systems for India. Complex API like steroids, sex hormones, peptides, carbohydrates and taxanes which require special skills and technology, are developed and scaled up for both API and dosage forms. This complete integration for some products works to the company's advantage. These projects may offer higher value addition and sustained revenue streams.

2. Benefits derived as a result of the above R&D

In 2010-11, 38 formulations were introduced across marketing divisions, (not including line extensions, but including complex products). All of these were based on technology developed in house. Technology for 28 API was commercialised. For some of the important API that we already manufacture, processes were streamlined so as to have more energy efficient or cost effective or environment friendly processes. Some of the new processes were non-infringing, so as to support our plans for ANDA filings for the US. A large part of our API sales is to the regulated market of US / Europe, and this earns valuable foreign exchange and also a reputation for quality and dependability. The company's formulation brands are exported to 40 international markets where a local field force promotes the same.

The Department of Scientific and Industrial Research, Ministry of Science and Technology of Government of India has granted approval to the in house research and development facility of your Company under the provision of the Income Tax Act, 1961.

3. Future plan of action

A state of the art bioequivalence facility with a functional capacity of 220 beds with a well equipped, Phase I Clinical unit and ECG Core Laboratory for clinical studies and safety studies and has been expanded to more than 300 beds. Eighteen high capacity LCMS, fully computerised blood chemistry labs capable of comprehensive analysis are being used extensively for biostudies. This facility has been inspected and approved for India and for the US.

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
4. Expenditure on R&D		
a) Capital	236.1	159.0
b) Revenue	1572.8	1440.8
c) Total	1808.9	1599.8
d) Total R&D expenditure as % of Total Turnover	9.4%	8.8%

B. Technology Absorption, Adaptation and Innovation

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

Year after year, your company continues to invest on R&D revenue as well as capex. A large part of the spend is for complex products, ANDA filings for the US and API technologies that are complex and may require dedicated manufacturing sites. Investments have been made in creating research sites, employing scientifically skilled and experienced manpower, adding equipment and upgrading continuously the exposure and research understanding of the scientific team in the therapy areas of our interest. Laboratories and instrument facilities have been set up to initiate R&D activities in biotechnology for the development of biosimilars.

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

- (a) Market leader for several complex products. Offers complete baskets of products under speciality therapeutic classes. Strong pipeline of products for future introduction in India, emerging markets, as well as US and European generic market.
- (b) Not dependent on imported technology, can make high cost products available at competitive prices by using indigenously developed manufacturing processes and formulation technologies.
- (c) Offer products which are convenient and safe for administration to patients, products with a technology advantage.
- (d) We are among the few selected companies that have set up completely integrated manufacturing capability for the production of anticancer, hormones, peptide, cephalosporins and steroidal drugs.
- (e) The Company has benefited from reduction in cost due to import substitution and increased revenue through higher exports.

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

C. Foreign Exchange Earnings and Outgo

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
1. Earnings	9005.6	8508.3
2. Outgo	5156.8	4629.0

AUDITORS' REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **SUN PHARMACEUTICAL INDUSTRIES LIMITED** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result clauses vi, xiii, xiv, xvi, xviii, xix and xx of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories (excluding inventories lying with third parties) were physically verified during the year by the Management at reasonable intervals. In respect of inventories lying with third parties, these have substantially been confirmed by them.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered into the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956 in respect of manufacture of formulation and bulk drug products and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the Company.

(ix) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Custom Duty and Excise Duty, which have not been deposited as at 31st March, 2011 on account of disputes, are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ In Million)
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Assistant / Deputy / Joint Commissioner	2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	31.6
		Tribunal	1997-98, 1998-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	259.5
		High Court	1998-99, 2001-02, 2006-07, 2007-08	1.6
Customs Act, 1962	Custom Duty, Penalty and Interest	Settlement Commission	2000-01	11.5
Sales Tax Act (Various States)	Sales Tax, Interest and Penalty	Assistant / Deputy / Joint Commissioner	1994-95, 1998-99, 1999-00, 2000-01, 2002-03	4.7
		Tribunal	1998-99, 2001-02, 2002-03, 2003-04, 2004-05	2.9
		High Court	1981-82 to 1985-86, 2003-04	14.5
Income Tax Act, 1961	Income tax and Interest	Tribunal	1996-97, 2002-03	0.9
		Commissioner	1997-98	8.4
Wealth Tax Act, 1957	Wealth tax	Commissioner	2003-04, 2004-05, 2008-09	0.2
Employee State Insurance Act, 1948	Contribution and Interest	Appellate authority	1987 to 1992	0.2
Drugs (Price Control) Order, 1979	Drug Price Equilisation Account liability and interest	Drug Prices Liability Review Committee	1981-1987	14.0

There were no unpaid disputed dues in respect of service tax and cess during the year.



- (x) The Company does not have any accumulated losses as at the end of the year. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company does not have any dues to financial institutions and has not issued any debentures.
- (xii) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares. The Company has not granted any loans and advances on the basis of security by way of pledge of debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions, are not *prima facie* prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 28th May, 2011

BALANCE SHEET

AS AT 31ST MARCH, 2011

	Schedule	As at 31st March, 2011		As at 31st March, 2010	
		₹ in Million	₹ in Million	₹ in Million	₹ in Million
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,035.6		1,035.6	
Reserves and Surplus	2	65,769.7	66,805.3	56,144.2	57,179.8
Loan Funds					
Secured Loans	3		505.3		294.9
Deferred Tax Liability (Net)	4		1,285.1		1,153.3
TOTAL			68,595.7		58,628.0
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	12,687.6		11,597.6	
Less: Depreciation / Amortisation / Impairment		4,743.7		4,192.4	
Net Block		7,943.9		7,405.2	
Capital Work-in-Progress (including advances on capital account)		2,280.6	10,224.5	921.5	8,326.7
Investments	6		36,014.2		40,516.9
Current Assets, Loans and Advances					
Inventories	7	6,182.6		5,701.4	
Sundry Debtors	8	5,426.2		5,532.9	
Cash and Bank Balances	9	12,509.0		888.7	
Other Current Assets	10	183.7		57.9	
Loans and Advances	11	5,525.8		3,661.3	
		29,827.3		15,842.2	
Less: Current Liabilities and Provisions	12				
Current Liabilities		3,139.3		2,633.0	
Provisions		4,331.0		3,424.8	
		7,470.3		6,057.8	
Net Current Assets			22,357.0		9,784.4
TOTAL			68,595.7		58,628.0
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS					
Schedules referred to herein form an integral part of the Financial Statements.	19				

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner

Mumbai, 28th May, 2011

S. KALYANASUNDARAM
Wholetime Director & CEO

SUNIL R. AJMERA
Company Secretary

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

Mumbai, 28th May, 2011



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2011

Schedule	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
INCOME				
Income from Operations				
Gross Sales	19,857.8		18,528.8	
Less: Excise Duty	526.6		450.3	
Net Sales	19,331.2		18,078.5	
Other Operating Income	13	11,715.8	6,776.6	
		31,047.0	24,855.1	
Other Income	14	1,941.7	1,229.3	26,084.4
EXPENDITURE				
Cost of Materials / Goods	15	8,969.3	8,152.9	
Personnel Cost	16	2,140.6	1,747.1	
Operating and Other Expenses	17	5,340.4	4,720.4	
Research and Development Expenditure	18	1,355.9	1,277.7	
Depreciation / Amortisation / Impairment		642.3	694.7	16,592.8
		18,448.5		
PROFIT BEFORE TAXATION		14,540.2		9,491.6
Provision for Taxation - Current Tax		570.4	526.0	
- Deferred Tax Charge / (Credit) (Net)		131.8	(20.9)	505.1
PROFIT AFTER TAX		13,838.0		8,986.5
BALANCE OF PROFIT BROUGHT FORWARD		18,891.5		16,225.9
AMOUNT AVAILABLE FOR APPROPRIATION		32,729.5		25,212.4
APPROPRIATIONS				
Proposed Dividend		3,624.5	2,847.9	
Corporate Dividend Tax		588.0	473.0	3,320.9
Transfer to General Reserve		5,000.0		3,000.0
BALANCE OF PROFIT CARRIED TO BALANCE SHEET		23,517.0		18,891.5
EARNINGS PER SHARE (refer note B.12 (ii) of Schedule 19)				
Basic & Diluted (₹)		13.4		8.7
Face Value per Equity share - ₹1				
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS	19			
Schedules referred to herein form an integral part of the Financial Statements.				

In terms of our report attached

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Mumbai, 28th May, 2011

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Mumbai, 28th May, 2011

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
A. Cash Flow From Operating Activities:		
Net Profit Before Tax	14,540.2	9,491.6
Adjustments for:		
Depreciation / Amortisation / Impairment	642.3	694.7
Interest Expense	5.9	4.4
Interest Income	(1,265.2)	(1,052.9)
Dividend Income (₹ 2,820)	(0.0)	(0.1)
(Profit) / Loss on Fixed Assets Sold (net)	4.5	(6.3)
(Profit) / Loss on sale of Investments	(393.1)	334.8
Bad Debt Written off / (back) (net)	(1.6)	19.3
Sundry Balance Written off / (back) (net)	2.3	(19.8)
Provision for employee benefits	14.6	14.8
Unrealised Foreign Exchange (Gain) / Loss	(62.6)	276.9
Operating Profit Before Working Capital Changes	13,487.3	9,757.4
Adjustments for Changes In Working Capital:		
Decrease in Sundry Debtors	88.9	1,147.3
Increase in Other Receivables	(446.6)	(39.1)
Increase in Inventories	(481.2)	(834.0)
Increase / (Decrease) in Trade and Other Payables	397.0	(3,083.7)
Cash Generated From Operations	13,045.4	6,947.9
Taxes Paid	(736.1)	(487.9)
Net Cash Generated From Operating Activities	12,309.3	6,460.0
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets and Capital Work in Progress (including Capital Advances)	(2,452.8)	(1,268.6)
Proceeds From Sale of Fixed Assets	5.3	47.0
Proceeds From Sale of Investments	126,346.8	156,923.2
Purchase of Investments	(122,944.6)	(169,335.4)
Margin Money and Fixed Deposit with Banks	(12,003.7)	11,784.4
Short Term Loans / Inter Corporate Deposits Received back / (given) (net)	(1,147.8)	(1,114.6)
Interest Received	1,139.4	1,376.3
Dividend Received (₹ 2,820)	0.0	0.1
Net Cash Used in Investing Activities	(11,057.4)	(1,587.6)
C. Cash Flow From Financing Activities:		
Increase in Cash Credit facility	210.4	58.9
Interest Paid	(5.9)	(4.4)
Dividend Paid	(2,841.0)	(2,843.9)
Corporate Dividend Tax Paid	(473.0)	(484.0)
Net Cash used in Financing Activities	(3,109.5)	(3,273.4)
Net (Decrease) / Increase in Cash and Cash Equivalents	(1,857.6)	1,599.0
Cash and Cash Equivalents as at the beginning of the year	2,079.1	480.1
Cash and Cash Equivalents as at the year end	221.5	2,079.1



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
Cash and Cash Equivalents Comprise:		
Cash and Cheques on hand and balances with Scheduled / Other banks (Refer Schedule 9 to the Financial Statements)	12,509.0	888.7
Add : Investment in Certificate of Deposit having maturity less than 3 Months	—	1,493.6
Less : Margin Money Deposit / Fixed deposit having maturity more than 3 Months	12,276.8	273.1
Unrealised exchange (Gain)	(10.7)	(30.1)
Cash and Cash Equivalents as restated as at the year end	221.5	2,079.1

Notes:

- Cash and cash equivalents includes ₹ 28.5 Million (Previous Year ₹ 22.2 Million) on account of Unclaimed dividend, which are not available for use by the Company.
- Previous year's figures are regrouped / reclassified wherever necessary in order to conform to current year's groupings and classifications.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner

Mumbai, 28th May, 2011

S. KALYANASUNDARAM
Wholetime Director & CEO

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For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

Mumbai, 28th May, 2011

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 1 : SHARE CAPITAL				
Authorised				
1,500,000,000 Equity Shares of ₹ 1 each (Previous Year 300,000,000 Equity Shares of ₹ 5 each)		1,500.0		1,500.0
		1,500.0		1,500.0
Issued, Subscribed and Paid-up				
1,035,581,955 Equity Shares of ₹ 1 each (Previous Year 207,116,391 Equity Shares of ₹ 5 each) fully paid-up.		1,035.6		1,035.6
		1,035.6		1,035.6
Notes:				
Of the above :				
1) 808,150,050 Equity shares allotted as fully paid Bonus Shares by capitalisation of Securities Premium Account, Profit and Loss Account, Amalgamation Reserve and Capital Redemption Reserve Account.				
2) 4,136,330; 2,080,000; 4,775,810; 114,380; 185,190; 197,710 and 21,370 Equity Shares fully paid allotted to the shareholders of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd, Milmet Laboratories Pvt. Ltd, Gujarat Lyka Organics Ltd, Sun Pharmaceutical Exports Ltd, Pradeep Drug Company Ltd, M.J.Pharmaceuticals Ltd and Phlox Pharmaceuticals Ltd. respectively, pursuant to Schemes of Amalgamations, without payment being received in cash.				
3) 108,003,805 Equity Shares allotted to the holders of Zero Coupon Foreign Currency Convertible Bond on exercise of conversion option.				
4) With effect from 27th November, 2010, one equity share of ₹ 5 each fully paid-up was split into five equity share of ₹ 1 each fully paid-up.				
SCHEDULE 2 : RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet		259.1		259.1
Securities Premium Account				
As per last Balance Sheet		15,099.1		15,099.1
Capital Redemption Reserve				
As per last Balance Sheet		154.5		154.5
General Reserve				
As per last Balance Sheet	21,740.0		18,740.0	
Add : Transferred from Profit and Loss Account	5,000.0	26,740.0	3,000.0	21,740.0
Surplus As Per Profit And Loss Account		23,517.0		18,891.5
		65,769.7		56,144.2
SCHEDULE 3 : SECURED LOANS				
Cash Credit Facility from Banks (Secured by hypothecation of inventories and book debts.)	505.3		294.9	
		505.3		294.9

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 4 : DEFERRED TAX LIABILITY (NET)				
Deferred Tax Liability				
Depreciation on Fixed Assets	1,346.0		1,246.3	
Others	8.4	1,354.4	5.2	1,251.5
Deferred Tax Assets				
Unpaid Liabilities Allowable on payment basis U/s 43B of Income Tax Act, 1961	41.5		69.2	
Others	27.8	69.3	29.0	98.2
		1,285.1		1,153.3

SCHEDULE 5 : FIXED ASSETS

₹ in Million

Particulars	Gross Block (At Cost)				Depreciation / Amortisation / Impairment				Net Block	
	As At 01.04.10	Additions 10-11	Deletions 10-11	As at 31.03.11	As at 01.04.10	For year 10-11	On deletions 10-11	As at 31.03.11	As at 31.03.11	As at 31.03.10
I. TANGIBLE ASSETS										
Freehold Land	38.7	—	—	38.7	—	—	—	—	38.7	38.7
Leasehold Land	39.2	—	—	39.2	4.0	0.4	—	4.4	34.8	35.2
Buildings	2,367.1	161.4	—	2,528.5 (a)	437.4	65.2	—	502.6	2,025.9	1,929.7
Plant and Machinery	8,292.7	988.4	88.0	9,193.1	3,273.3	532.9	81.2	3,725.0 (b)	5,468.1	5,019.4
Vehicles	140.3	21.0	5.2	156.1	43.8	13.4	2.2	55.0	101.1	96.5
Furniture and Fixtures	275.0	20.0	7.6	287.4	117.2	14.6	7.6	124.2 (b)	163.2	157.8
Sub-Total	11,153.0	1,190.8	100.8	12,243.0	3,875.7	626.5	91.0	4,411.2	7,831.8	7,277.3
II. INTANGIBLE ASSETS										
Trademarks, Designs and Other Intangible Assets	444.6	—	—	444.6	316.7	15.8	—	332.5 (b)	112.1	127.9
Sub-Total	444.6	—	—	444.6	316.7	15.8	—	332.5	112.1	127.9
TOTAL- I + II	11,597.6	1,190.8	100.8	12,687.6	4,192.4	642.3	91.0	4,743.7	7,943.9	7,405.2
Previous Year	10,619.0	1,148.0	169.4	11,597.6	3,626.4	694.7 (b)	128.7	4,192.4	7,405.2	
									2,280.6	921.5
									10,224.5	8,326.7

NOTES :

(a) Buildings include ₹ 8,620 (Previous Year ₹ 8,620) towards cost of shares in a Co-operative Housing Society.

(b) Includes Impairment of ₹ 30.8 Million (Previous Year ₹ 30.8 Million) including ₹ Nil (Previous Year ₹ 30.8 Million) on account of Impairment for the year.

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 6 : INVESTMENTS				
(I) LONG TERM INVESTMENTS (At Cost)				
A) Government Securities				
National Savings Certificates		0.0		0.0
₹10,000 (Previous Year ₹ 14,000)				
(Deposited with Government Authorities)				
B) Trade Investments				
Unquoted				
In Equity Shares				
Enviro Infrastructure Co. Ltd.		1.0		1.0
100,000 (Previous Year 100,000)				
Shares of ₹ 10 each fully paid				
C) Other Investments				
a) In Bonds				
Unquoted				
Rural Electrification Corporation Ltd.		5.0		5.0
500 (Previous Year 500)				
Bonds of ₹ 10,000 each fully paid				
b) In Debentures				
Quoted				
Barclays Investments & Loans (India) Ltd - 12.25 NCD 06OT10		—		250.0
Nil (Previous Year 250)				
Debentures of ₹ 1,000,000 each fully paid				
Market Value ₹ Nil (Previous Year ₹ 275.2 Million)				
ETHL Communications Holdings Ltd - NCD 22JL11		—		437.2
Nil (Previous Year 500)				
Debentures of ₹ 1,000,000 each fully paid				
Market Value ₹ Nil (Previous Year ₹ 446.4 Million)				
HCL Technologies Ltd - 7.55 NCD 25AG11		100.0		100.0
100 (Previous Year 100)				
Debentures of ₹ 1,000,000 each fully paid				
Market Value ₹ 99.8 Million				
(Previous Year ₹ 101.0 Million)				
Housing Development Finance Corporation Ltd - 9.9 NCD 23DC18		250.0		250.0
250 (Previous Year 250)				
Debentures of ₹ 1,000,000 each fully paid				
Market Value ₹ 262.6 Million				
(Previous Year ₹ 269.7 Million)				
L&T Finance Ltd - 8.4 NCD 08MR13		122.5		122.5
122,464 (Previous Year 122,464)				
Debentures of ₹ 1,000 each fully paid				
Market Value ₹ 120.5 Million				
(Previous Year ₹ 123.1 Million)				

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Tata Chemicals Ltd - 7.4 NCD 23NV11 250 (Previous Year 250) Debentures of ₹ 1,000,000 each fully paid Market Value ₹ 246.2 Million (Previous Year ₹ 250.4 Million)		250.0		250.0
Unquoted Bajaj Infrastructure Development Company Ltd - 10.75 NCD 04DC15 250 (Previous Year Nil) Debentures of ₹ 1,000,000 each fully paid		250.0		—
c) In Subsidiary Companies				
In shares				
Quoted				
Caraco Pharmaceutical Laboratories Ltd. 8,382,666 (Previous Year 8,382,666) fully paid Common Shares of No Par Value Market Value ₹ 1,940.6 Million (Previous Year ₹ 2,249.5 Million)		303.9		303.9
Unquoted				
Zao Sun Pharma Industries Ltd. 1,000 (Previous Year 1,000) Shares of Rubles 20 each fully paid	0.2		0.2	
Sun Pharma Global Inc. BVI 2,471,515 (Previous Year 2,362,820) Shares of US \$ 1 each fully paid	9,628.9		9,405.0	
TKS Farmaceutica Ltda. 829,288 (Previous Year 829,288) quota of Capital Stock of Real (R\$) 1 each fully paid.	18.3		18.3	
Sun Pharma De Mexico, S.A. DE C.V. 750 (Previous Year 750) Common Shares of no Face Value	3.3		3.3	
Sun Pharmaceutical Industries Inc. 5,000 (Previous Year 5,000) fully paid Common Stock of \$ 1 Par Value	0.2		0.2	
Sun Pharmaceutical (Bangladesh) Ltd. 434,469 (Previous Year 434,469) Ordinary Shares of 100 Takas each fully paid.	36.5		36.5	
Share Application Money	31.6		31.6	
Sun Pharmaceutical Peru S.A.C. ₹ 21,734 (Previous Year ₹ 21,734) 149 (Previous Year 149) Ordinary Shares of Soles 10 each fully paid	0.0		0.0	
SPI DE Mexico SA DE CV 100 (Previous Year 100) Nominative and free Shares of \$500 Mexican Pesos each fully paid	0.2		0.2	

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
OOO "Sun Pharmaceutical Industries" Ltd. Par value stock of 49,500 Rubles (Previous Year 49,500 Rubles)	0.1		0.1	
Green Eco Development Centre Ltd. 100,000 (Previous Year Nil) Shares of ₹ 10 each	1.0		—	
Sun Pharma De Venezuela, C.A. 1,000 (Previous Year Nil) Shares of Bolivars (Bs.F.) 100 each	0.5		—	
		9,720.8		9,495.4
In Debentures				
Unquoted				
Sun Pharma Global Inc. BVI Nil (Previous Year 50,000) 0% Optionally Fully Convertible Debentures of US\$100 each fully paid		—		224.0
d) In Capital of Partnership Firm				
Sun Pharma Exports*	15.9		15.9	
Sun Pharmaceutical Industries**	3,888.6		4,236.8	
Sun Pharma Sikkim***	3,478.2		2,992.2	
Sun Pharma Drugs**** ₹ 67 (Previous Year ₹ Nil)	0.0	7,382.7	—	7,244.9
e) In Mutual Fund (Units of Face Value of ₹ 10 Each)				
Unquoted				
Birla Sun Life Mutual Fund - Birla Sun Life Fixed Term Plan-Series CC (13Months) 20,000,000 (Previous Year 20,000,000) Units		200.0		200.0
Birla Sun Life Mutual Fund - Birla Sun Life Fixed Term Plan-Series CF 25,000,000 (Previous Year Nil) Units		250.0		—
Birla Sun Life Mutual Fund - Birla Sun Life Fixed Term Plan-Series CG 25,000,000 (Previous Year Nil) Units		250.0		—
Birla Sun Life Mutual Fund - Birla Sun Life Fixed Term Plan-Series CI 50,000,000 (Previous Year Nil) Units		500.0		—
Birla Sun Life Mutual Fund - Birla Sun Life Fixed Term Plan - Series CJ 25,000,000 (Previous Year Nil) Units		250.0		—
Birla Sun Life Mutual Fund - Birla Sun Life Fixed Term Plan-Series CR 25,000,000 (Previous Year Nil) Units		250.0		—
Birla Sun Life Mutual Fund - Birla Sun Life Fixed Term Plan - Series CW 25,000,000 (Previous Year Nil) Units		250.0		—
Canara Robeco Mutual Fund-Canara Robeco Fixed Maturity Plan-Series 5-13 Months (Plan A) 20,000,000 (Previous Year 20,000,000) Units		200.0		200.0
DSP BlackRock Mutual Fund- DSP BlackRock FMP-13M-Series 3 25,000,000 (Previous Year 25,000,000) Units		250.0		250.0

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
DSP BlackRock Mutual Fund- DSP BlackRock FMP-12M-Series 9 25,000,000 (Previous Year Nil) Units		250.0		—
DSP BlackRock Mutual Fund- DSP BlackRock FMP-12M-Series 10 25,000,000 (Previous Year Nil) Units		250.0		—
DSP BlackRock Mutual Fund- DSP BlackRock FMP-12M-Series 11 25,000,000 (Previous Year Nil) Units		250.0		—
DSP BlackRock Mutual Fund- DSP BlackRock FMP-12M-Series 15 25,000,000 (Previous Year Nil) Units		250.0		—
Deutsche Mutual Fund-DWS Fixed Term Fund-Series 67 35,266,428 (Previous Year 35,266,428) Units		352.7		352.7
Deutsche Mutual Fund-DWS Fixed Term Fund-Series 71 7,500,000 (Previous Year Nil) Units		75.0		—
Deutsche Mutual Fund-DWS Fixed Term Fund-Series 73 15,000,000 (Previous Year Nil) Units		150.0		—
Fidelity Mutual Fund- Fidelity Fixed Maturity Plan Series IV - Plan E (370 days) 25,000,000 (Previous Year Nil) Units		250.0		—
HDFC Mutual Fund- HDFC FMP 14M March 2010 25,000,000 (Previous Year 25,000,000) Units		250.0		250.0
HDFC Mutual Fund- HDFC Floating Rate Income Fund-Long Term Plan 63,270,759 (Previous Year 63,270,759) Units		1,000.1		1,000.1
HDFC Mutual Fund- HDFC FMP 370D February 2011(1) 25,000,000 (Previous Year Nil) Units		250.0		—
HSBC Mutual Fund- HSBC Fixed Term Series 79 25,000,000 (Previous Year Nil) Units		250.0		—
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 53 - 1 Year Plan B 25,000,000 (Previous Year Nil) Units		250.1		—
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 53 - 1 Year Plan C 25,000,000 (Previous Year Nil) Units		250.0		—
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 53 - 1 Year Plan E 20,000,000 (Previous Year Nil) Units		200.0		—
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 55 - 1 Year Plan A 25,000,000 (Previous Year Nil) Units		250.0		—
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 55 - 1 Year Plan F 25,000,000 (Previous Year Nil) Units		250.0		—
ICICI Prudential Mutual Fund- ICICI Prudential FMP Series 56- 1 Year Plan D 25,000,000 (Previous Year Nil) Units		250.0		—

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
IDBI Mutual Fund-IDBI FMP - 367 Days Series I (February 2011) - A 15,000,000 (Previous Year Nil) Units		150.0		—
IDBI Mutual Fund-IDBI FMP - 367 Days Series I (March 2011) - C 15,000,000 (Previous Year Nil) Units		150.0		—
IDBI Mutual Fund-IDBI FMP - 367 Days Series I (March 2011) - D 20,000,000 (Previous Year Nil) Units		200.0		—
IDFC Mutual Fund- IDFC Fixed Maturity Plan-14 Months Series 1 25,000,000 (Previous Year 25,000,000) Units		250.0		250.0
IDFC Mutual Fund- IDFC Fixed Maturity Plan-Yearly Series 42 20,000,000 (Previous Year Nil) Units		200.0		—
JM Financial Mutual Fund- JM Fixed Maturity Fund - Series XIX - A 20,000,000 (Previous Year Nil) Units		200.0		—
JM Financial Mutual Fund- JM Fixed Maturity Fund - Series XIX - C 10,000,000 (Previous Year Nil) Units		100.0		—
JPMorgan Mutual Fund- JPMorgan India Fixed Maturity Plan 400D Series 1 25,000,000 (Previous Year Nil) Units		250.0		—
JPMorgan Mutual Fund- JPMorgan India Fixed Maturity Plan 367D Series 1 25,000,000 (Previous Year Nil) Units		250.0		—
Kotak Mutual Fund-Kotak FMP 13M Series 6 30,000,000 (Previous Year 30,000,000) Units		300.0		300.0
Kotak Mutual Fund-Kotak FMP 370 Days Series 2 25,000,000 (Previous Year 25,000,000) Units		250.0		250.0
Kotak Mutual Fund-Kotak FMP 370 Days Series 3 25,000,000 (Previous Year 25,000,000) Units		250.0		250.0
Kotak Mutual Fund-Kotak FMP Series 28 25,000,000 (Previous Year Nil) Units		250.0		—
Kotak Mutual Fund-Kotak FMP Series 29 25,000,000 (Previous Year Nil) Units		250.0		—
Kotak Mutual Fund-Kotak FMP Series 43 25,000,000 (Previous Year Nil) Units		250.0		—
L&T Mutual Fund- L&T Fixed Maturity Plan Series 12-Plan-15M-Mar10-I 20,213,915 (Previous Year 20,213,915) Units		202.1		202.1
Principal Mutual Fund - Principal PNB FMP - 367 Days - Series II 5,000,000 (Previous Year Nil) Units		50.0		—
Religare Mutual Fund-Religare Fixed Maturity Plan- Series-III Plan D (370 Days) 15,000,000 (Previous Year Nil) Units		150.0		—

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Religare Mutual Fund-Religare Fixed Maturity Plan - Series IV - Plan E (370 Days) 25,000,000 (Previous Year Nil) Units		250.0		—
Religare Mutual Fund-Religare Fixed Maturity Plan - Series V - Plan A (368 Days) 25,000,000 (Previous Year Nil) Units		250.0		—
Religare Mutual Fund- Religare FMP Series VI - Plan B (370 days) 20,000,000 (Previous Year Nil) Units		200.0		—
Religare Mutual Fund-Religare Fixed Maturity Plan- Series VI - Plan E (367 days) 15,000,000 (Previous Year Nil) Units		150.0		—
Reliance Mutual Fund- Reliance FHF 9 - Series 6 - IP - Growth Nil (Previous Year 20,000,000) Units		—		215.4
Reliance Mutual Fund - Reliance Fixed Horizon Fund XVI Series 5 50,000,000 (Previous Year Nil) Units		500.0		—
Reliance Mutual Fund - Reliance Fixed Horizon Fund-XVII Series 1 25,000,000 (Previous Year Nil) Units		250.0		—
Reliance Mutual Fund - Reliance Fixed Horizon Fund-XIX Series 1 25,000,000 (Previous Year Nil) Units		250.0		—
Reliance Mutual Fund - Reliance Fixed Horizon Fund-XIX Series 11 25,000,000 (Previous Year Nil) Units		250.0		—
SBI Mutual Fund-SDFS 370 Days - 8 50,000,000 (Previous Year Nil) Units		500.0		—
SBI Mutual Fund-SDFS – 370 Days - 10 25,000,000 (Previous Year Nil) Units		250.0		—
Sundaram Mutual Fund- Sundram Fixed Term Plan-AQ 367 Days 25,000,000 (Previous Year Nil) Units		250.0		—
f) Others				
Unquoted Pass through Certificates				
Novo VIII Trust-Archie-Itsl-SR-A PTC 15JN10 500 (Previous Year 500) Units of ₹ 1,000,000 each fully paid		503.3		500.0
Deposits				
Housing & Urban Development Corporation Ltd.		245.0		240.0
Housing Development Finance Corporation Ltd.		2,000.0		1,000.0
Total (I)		35,364.2		24,144.2

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
(II) CURRENT INVESTMENTS (At lower of cost and fair value)				
A) Certificate of Deposits (Units Face value ₹ 100,000 each)				
Quoted				
Axis Bank - CD 26AP10 Nil (Previous Year 2500) Units; Market Value ₹ Nil (Previous Year ₹ 248.8 Million)		—		248.8
Corporation Bank - CD 22AP10 Nil (Previous Year 2,500) Units; Market Value ₹ Nil (Previous Year ₹ 248.9 Million)		—		248.9
ICICI Bank - CD 20AP10 Nil (Previous Year 5,000) Units; Market Value ₹ Nil (Previous Year ₹ 497.9 Million)		—		497.9
Punjab National Bank - CD 13AP10 Nil (Previous Year 2,500) Units; Market Value ₹ Nil (Previous Year ₹ 249.2 Million)		—		249.2
Punjab & Sind Bank - CD 26AP10 Nil (Previous Year 2,500) Units; Market Value ₹ Nil (Previous Year ₹ 248.8 Million)		—		248.8
B) In Mutual Fund				
Unquoted				
a) In Mutual Fund (Units of Face Value of ₹ 10 Each)				
BNP Mutual Fund - BNP Paribas Overnight-Inst Growth 13,281,359 (Previous Year Nil) Units		200.0		—
Baroda Pioneer Mutual Fund - Baroda Pioneer Advantage Fund-Inst Growth Nil (Previous Year 96,436,417) Units		—		1,000.2
Birla Sun Life Mutual Fund- BSL Floating Rate Fund-Long Term-Instl-Growth Nil (Previous Year 39,039,425) Units		—		420.8
Birla Sun Life Mutual Fund - BSL Interval Income Fund-Instl-Quarterly Series 2-Growth Nil (Previous Year 43,331,340) Units		—		502.9
Birla Sun Life Mutual Fund- Birla Sun Life Cash Manager-Institutional Plan-Growth Nil (Previous Year 129,963,805) Units		—		2,000.0
Deutsche Mutual Fund- DWS Treasury Investment-Institutional Plan-Growth Nil (Previous Year 49,052,228) Units		—		503.5
Deutsche Mutual Fund- DWS Cash Opportunities Fund Instl Plan-Growth Nil (Previous Year 87,423,512) Units		—		1,031.0
DSP BlackRock Mutual Fund- DSP BlackRock Short Term Fund-Growth Nil (Previous Year 22,534,265) Units		—		355.0

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Fidelity International - Fidelity Ultra Short Term Debt Fund Super Instl-Growth Nil (Previous Year 20,982,694) Units		—		250.0
Fortis Mutual Fund - Fortis Money Plus Instl-Growth Nil (Previous Year 72,003,792) Units		—		1,000.1
IDFC Mutual Fund-IDFC Money Manager Fund-Investment Plan-Inst Plan B-Growth Nil (Previous Year 70,683,867) Units		—		1,013.0
ICICI Prudential Mutual Fund- ICICI Prudential Banking & PSU Debt Fund-Growth Nil (Previous Year 74,845,356) Units		—		752.0
L&T Mutual Fund-C228 L&T Select Income Fund- Flexi Debt Institutional-Growth Nil (Previous Year 24,407,095) Units		—		250.0
JM Mutual Fund- JM Money Manager Fund Regular Plan-Growth(168) Nil (Previous Year 59,649,545) Units		—		750.1
JPMorgan Mutual Fund- JPMorgan India Short Term Income Fund-Growth Nil (Previous Year 30,000,000) Units		—		300.0
Kotak Mutual Fund- Kotak Quarterly Interval Plan Series 7-Growth Nil (Previous Year 45,620,854) Units		—		500.0
Principal Mutual Fund - Principal Money Manager Fund-Institutional Growth Plan Nil (Previous Year 47,630,388) Units		—		500.0
Religare Mutual Fund-Religare Credit Opportunities Fund- Institutional Growth Nil (Previous Year 96,891,263) Units		—		1,000.2
UTI Mutual Fund-UTI FTIF - Series II -Quarterly Interval Plan V-Insti - Growth Nil (Previous Year 24,998,000) Units		—		250.0
b) In Mutual Fund (Units of Face Value of ₹ 100 Each)				
ICICI Prudential Mutual Fund- ICICI Prudential Flexible Income Plan Premium-Growth Nil (Previous Year 5,840,702) Units		—		1,000.1
ICICI Prudential Mutual Fund- ICICI Prudential Liquid - Super IP - Growth 1,034,621 (Previous Year Nil) Units		150.0		—
c) In Mutual Fund (Units of Face Value of ₹ 1000 Each)				
Taurus Mutual Fund- Taurus Liquid Fund-Super Inst Growth 47,397 (Previous Year Nil) Units		50.0		—

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Bharti Axa Mutual Fund - Bharti AXA Treasury Advantage Fund-Instl Plan-Growth Nil (Previous Year 224,558) Units		—		250.0
UTI Mutual Fund-UTI Liquid Cash Plan Inst Growth 155,331 (Previous Year Nil) Units		250.0		—
Reliance Mutual Fund- Reliance Money Manager Fund-Inst Option-Growth Nil (Previous Year 597,884) Units		—		750.1
Shinsei Mutual Fund- Shinsei Treasury Advantage Fund Growth Nil (Previous Year 489,039) Units		—		500.1
Total (II)		650.0		16,372.7
Total (I+II)		36,014.2		40,516.9

	As at 31st March, 2011		As at 31st March, 2010	
	Book Value	Market Value	Book Value	Market Value
AGGREGATE VALUE OF INVESTMENTS				
Quoted	1,026.4	2,669.7	3,207.2	5,208.9
Unquoted	34,987.8		37,309.7	
*Partners	Share	Capital		Capital
Sun Pharmaceutical Industries Limited	80%	15.9		15.9
Solapur Organics Private Limited ₹ (1,081) (Previous Year ₹ (1,081))	10%	0.0		0.0
Dilip S. Shanghvi ₹ (381) (Previous Year ₹ (381))	10%	0.0		0.0
**Partners				
Sun Pharmaceutical Industries Limited	97.5%	3,888.6		4,236.8
Sun Pharmaceutical Industries Key Employees' Benefit Trust	2.5%	133.5		121.7
***Partners				
Sun Pharmaceutical Industries Limited	97.5%	3,478.2		2,992.2
Sun Pharmaceutical Industries Key Employees' Benefit Trust	2.0%	311.1		94.7
Sun Pharma Advanced Research Company Limited Key Employees' Benefit Trust	0.5%	30.5		23.2
****Partners				
Sun Pharmaceutical Industries Limited ₹ 67 (Previous Year ₹ Nil)	98.0%	0.0		—
Sun Pharmaceutical Industries Key Employees' Benefit Trust ₹ (67) (Previous Year ₹ Nil)	2.0%	(0.0)		—

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 7 : INVENTORIES				
Consumables Stores		155.5		164.8
Stock in Trade				
Raw Materials	2,876.0		2,553.3	
Packing Materials	539.9		352.2	
Finished Goods	968.1		774.9	
Work-in-Progress	1,643.1	6,027.1	1,856.2	5,536.6
		6,182.6		5,701.4
SCHEDULE 8 : SUNDRY DEBTORS				
(Unsecured-Considered Good, unless stated otherwise)				
Over Six Months				
Considered Good	851.5		799.8	
Considered Doubtful	76.2	927.7	77.9	877.7
Other Debts		4,574.7		4,733.1
		5,502.4		5,610.8
Less: Provision for Doubtful Debts		76.2		77.9
		5,426.2		5,532.9
SCHEDULE 9 : CASH AND BANK BALANCES				
Cash / Cheques on hand		3.6		86.9
Balances with Banks				
Scheduled Banks				
Current Accounts	220.8		163.7	
Deposit Accounts {Pledged ₹ 33.71 Million (Previous Year ₹ 7.1 Million)}	12,276.8	12,497.6	273.1	436.8
Other Banks (refer note B.15 of Schedule 19)				
Current Accounts	7.8		10.5	
Deposit Accounts	—	7.8	354.5	365.0
		12,509.0		888.7
SCHEDULE 10 : OTHER CURRENT ASSETS				
Interest accrued on Investments		183.7		57.9
		183.7		57.9

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 11 : LOANS AND ADVANCES				
(Unsecured-Considered Good, unless stated otherwise)				
Advances and loans to subsidiaries (refer note B.16 of Schedule 19)		61.2		1,404.3
Loans to Employees / Others				
{Secured Loans ₹ 751.2 Million (Previous Year ₹ 294.0 Million)}				
Considered Good	3,055.2		414.0	
Considered Doubtful	9.5		9.5	
	3,064.7		423.5	
Less: Provision for Doubtful Loans / Advances	9.5	3,055.2	9.5	414.0
Advances Recoverable in Cash or in Kind or for Value to be received		359.3		251.1
Advances to Suppliers		333.0		228.0
Balances with Central Excise and Customs		770.9		667.9
DEPB and Advance Licence		209.5		137.2
Other Deposits		90.9		78.7
Advance Payment of Income Tax {Net of Provision ₹ 1220.7 Million (Previous Year ₹ 1182.6 Million)}		645.8		480.1
		5,525.8		3,661.3
SCHEDULE 12 : CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors				
Due to Micro and Small Enterprises (refer note B.11 of Schedule 19)	33.0		14.8	
Others	2,865.6		2,220.5	
Advance from Customers	95.5		284.8	
Security Deposits	21.9		19.3	
Investor Education and Protection Fund shall be credited by Unclaimed Dividend (not due)	30.4		23.5	
Other Liabilities	92.9	3,139.3	70.1	2,633.0
Provisions				
Provision for Fringe Benefit Tax Net of Advance Tax ₹ 28.6 Million (Previous Year ₹ 48.8 Million)	0.6		0.6	
Proposed Dividend	3,624.5		2,847.9	
Corporate Dividend Tax	588.0		473.0	
Provision for employee benefits	117.9	4,331.0	103.3	3,424.8
		7,470.3		6,057.8

SCHEDULES TO THE FINANCIAL STATEMENTS

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 13 : OTHER OPERATING INCOME				
Share of Income from Partnership Firms		11,715.8		6,776.6
		11,715.8		6,776.6
SCHEDULE 14 : OTHER INCOME				
Lease Rental and Hire Charges-TDS ₹ 0.2 Million (Previous Year ₹ 0.2 Million)		3.5		11.0
Interest Income (net) (refer note B.5 of Schedule 19) TDS ₹ 97.8 Million (Previous Year ₹ 121.2 Million)		1,258.2		1,047.7
Profit on Sale of Investments (net) (refer note B.14 of Schedule 19)		393.1		—
Profit on Sale of Fixed Assets (net)		—		6.5
Insurance Claims		15.1		4.6
Sundry Balance Written Back (net)		—		15.7
Dividend Income - Long Term Investment (₹ 2,820)		0.0		0.1
Miscellaneous Income-TDS ₹ 0.7 Million (Previous Year ₹ 0.9 Million)		271.8		143.7
		1,941.7		1,229.3
SCHEDULE 15 : COST OF MATERIALS / GOODS				
Inventory of Raw and Packing material at the beginning of the year	2,905.5		2,411.9	
Purchases during the year - Raw and Packing Material	7,693.0		7,585.2	
- Finished Goods	1,766.8		1,370.4	
Inventory of Raw and Packing material at the end of the year	(3,415.9)	8,949.4	(2,905.5)	8,462.0
Inventory of Finished Goods and Work-in-Progress at the beginning of the year	2,631.1		2,322.0	
Inventory of Finished Goods and Work-in-Progress at the end of the year	(2,611.2)		(2,631.1)	
(Increase) / Decrease of Finished Goods and Work-in-Progress		19.9		(309.1)
		8,969.3		8,152.9
SCHEDULE 16 : PERSONNEL COST				
Salaries, Wages and Bonus		1,761.7		1,464.5
Contribution to Provident and Other Funds		118.8		137.2
Staff Welfare Expenses		260.1		145.4
		2,140.6		1,747.1

SCHEDULES TO THE FINANCIAL STATEMENTS

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 17 : OPERATING AND OTHER EXPENSES				
Stores and Spares Consumed		339.1		322.6
Conversion and Other Manufacturing Charges		399.6		324.8
Power and Fuel		394.0		473.8
Rent		10.6		9.4
Rates and Taxes		12.8		17.2
Insurance		32.7		28.3
Selling and Distribution		1,966.7		1,222.9
Commission and Discount		266.8		363.2
Repairs				
Building	40.8		31.1	
Plant and Machinery	228.5		204.2	
Others	70.8	340.1	66.3	301.6
Printing and Stationery		28.9		26.4
Travelling and Conveyance		160.6		105.6
Overseas Travel and Export Promotion		835.4		656.9
Communication		40.6		35.6
Provision for Doubtful Debts / Advances				
Provision for Doubtful Debts	12.8		19.3	
Sundry Balances/Bad Debts written off (net)	2.3		5.1	
Less : Adjusted out of Provision of earlier years	14.4	0.7	5.1	19.3
Professional and Consultancy		265.2		177.0
Donations		2.2		0.1
Loss on Sale of Investment (net) (refer note B.14 of Schedule 19)		—		334.8
Loss on Sale of Fixed Assets (net)		3.9		—
Excise duty on stock (.)		(2.7)		10.4
Miscellaneous expenses		243.2		290.5
		5,340.4		4,720.4

(.) represents the difference between excise duty on opening and closing stock of finished goods.

SCHEDULES TO THE FINANCIAL STATEMENTS

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 18 : RESEARCH AND DEVELOPMENT EXPENDITURE				
Salaries, Wages and Bonus		391.5		329.6
Contribution to Provident and Other Funds		19.5		14.8
Staff Welfare Expenses		59.3		30.0
Material, Stores and Spares Consumed		644.3		543.7
Power and Fuel		5.1		7.3
Rates and Taxes		3.5		4.0
Insurance		1.9		1.3
Repairs				
Building	6.1		5.5	
Plant and Machinery	33.1		43.8	
Others	22.5	61.7	22.0	71.3
Printing and Stationery		12.4		11.8
Travelling and Conveyance		14.6		9.8
Communication		13.9		16.0
Professional and Consultancy		100.5		154.8
Loss on Sale of Fixed Assets (net)		0.6		0.2
Miscellaneous Expenses		244.0		246.2
		1,572.8		1,440.8
Less :				
Interest Income (refer note B.5 of Schedule 19)	1.1		0.8	
Receipts from Research activities	188.6		157.7	
Miscellaneous Income	27.2		0.5	
Bad debt Recovered / Sundry balances written Back	—	216.9	4.1	163.1
		1,355.9		1,277.7

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 19 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

A SIGNIFICANT ACCOUNTING POLICIES

I Basis of Accounting

These financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India and the Accounting Standards (AS) as notified under Companies (Accounting Standards) Rules, 2006.

II Use of estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

III Fixed Assets and Depreciation / Amortisation

Fixed Assets including intangible assets are stated at historical cost (net of cenvat credit) less accumulated depreciation/ amortisation thereon and impairment losses, if any. Depreciation on tangible assets is provided on Straight Line Method at the rates specified in Schedule XIV to The Companies Act, 1956. Assets costing ₹ 5,000/- or less are depreciated at hundred percent rate on prorata basis in the year of purchase. Intangible assets consisting of trademarks, designs, technical knowhow, non-compete fees and other intangible assets are amortised on Straight Line Method from the date they are available for use, over the useful lives of the assets (10/20 years), as estimated by the Management considering the terms of agreement. Leasehold land is amortised over the period of lease.

IV Leases

Lease rental for assets taken on operating lease are charged to the Profit And Loss Account in accordance with Accounting Standard 19 on Leases.

V Revenue Recognition

Sales of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods. Export sales are recognised on the basis of Bill of lading / Airway bill. Sales includes delayed payment charges and are stated net of returns and Vat / Sales Tax, if any.

VI Investments

Investments are classified into Current and Long Term Investments. Current Investments are valued at lower of cost and fair value. Long Term Investments are stated at cost less provision, if any, for other than temporary diminution in their value.

VII Inventories

Inventories consisting of raw and packing materials, stores and spares, work in progress and finished goods are stated at lower of cost (Raw and Packing Material - Specific Identificaiton Method; Stores and Spares - FIFO basis; Work in Progress and Finished Goods - Weighted Average Method) and net realisable value.

VIII Research and Development

The research and development cost is accounted in accordance with Accounting Standard – 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the profit and loss account, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under Capital Work in Progress, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under Capital Work in Progress is charged off to the profit and loss account.

IX Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

In respect of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Profit and Loss Account.

X Derivative Accounting:

Forward Contracts in the nature of highly probable forecasted transactions / firm commitments entered into for hedging the risk of foreign currency exposure are accounted for on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Pursuant to this, losses, if any, on Mark to Market basis, are recognised in the Profit and Loss Account and gains are not recognised on prudent basis.

XI Taxes on Income

Provision for taxation comprises of Current Tax and Deferred Tax. Current Tax provision has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance sheet date.

XII Employee Benefits

- (a) The Company's contribution in respect of provident fund is charged to Profit and Loss Account each year.
- (b) With respect to gratuity liability, Company contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy. Gratuity liability as determined on actuarial basis by the independent valuer is charged to Profit and Loss Account.
- (c) Liability for accumulated compensated absences of employees is ascertained for on actuarial valuation basis and provided for as per the Company rules.

XIII Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

XIV Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. 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 can not be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

XV Government Grants / Subsidy

Government grants, if any, are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital Subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

XVI Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss being recognised.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
B NOTES TO FINANCIAL STATEMENTS				
1 CONTINGENT LIABILITIES NOT PROVIDED FOR				
Guarantees Given by the bankers on behalf of the Company		160.1		106.4
Corporate Guarantees		46.0		51.5
Letters of Credit for Imports		166.7		505.5
Liabilities Disputed - Appeals filed with respect to :				
Income Tax on account of Disallowances / Additions		290.2		446.6
Sales Tax on account of Rebate / Classification		25.6		11.4
Excise Duty on account of Valuation / Cenvat Credit		318.4		314.0
ESIC Contribution on account of applicability		0.2		0.2
Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, including interest there on, enjoyed by the Company		14.0		14.0
Demand by JDGFT import duty with respect to import alleged to be in excess of entitlement as per the Advanced Licence Scheme		11.5		11.1
Other Claims against the Company not acknowledged as debts		15.3		6.7
2 Estimated amount of contracts remaining to be executed on capital account [net of advances].		1,032.2		986.9
3 REMUNERATION TO DIRECTORS				
Managerial Remuneration U/s 198 of the Companies Act, 1956				
Salaries and Allowances		55.1		32.3
Contribution to Provident and Other Funds		4.6		3.2
Perquisites and Benefits		1.9		0.3
Commission		4.0		3.7
Total		65.6		39.5
The above remuneration excludes Gratuity since the same is ascertained on an aggregate basis for the Company as a whole by way of actuarial valuation and separate values attributable to Directors is not available.				
Computation of net profit U/s 198 read with Section 309(5) of the Companies Act, 1956 and calculation of commission payable to directors				
Profit Before Taxation		14,540.2		9,491.6
Add : Depreciation as per Accounts	642.3		694.7	
Loss on Sale of Investments (net)	—		334.8	
Managerial Remuneration	65.6		39.5	
Directors Sitting Fees	0.2		0.2	
Provision for Doubtful Debts / Advances	12.8	720.9	19.3	1,088.5
Less: Depreciation as per Section 350 of the Companies Act 1956	642.3		694.7	
Sundry Balances / Bad Debts Written Off	14.4		5.1	
Profit on Sale of Investments (net)	393.1		—	
		1,049.8		699.8
Net Profit		14,211.3		9,880.3

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Remuneration payable to Wholetime Directors including Managing Director				
Maximum payable @ 10% of Net Profit as per the Companies Act,1956		1,421.1		988.0
Maximum payable as approved by the Shareholders		103.0		63.0
Actual paid as approved by the Board		61.6		35.8
Commission payable to Non Executive Directors				
Maximum payable @ 1% of Net Profit as per the Companies Act,1956		142.1		98.8
Maximum payable @ 0.25 % (previous year @ 0.25 %) of Net Profit as approved by the Shareholders		35.5		24.7
Actual paid as approved by the Board		4.0		3.7
		2010-11		2009-10
		₹ in Million		₹ in Million
4 RESEARCH AND DEVELOPMENT EXPENDITURE				
Revenue		1,355.9		1,277.7
Capital		236.1		159.0
5 Net Interest income ₹ 1,259.3 Million (Previous Year ₹ 1,048.5 Million) comprises :				
Interest income				
Bank Deposits		657.6		797.0
Loan		84.7		56.2
Current Investment		83.1		1.4
Long term Investment		427.6		188.6
Others		12.2		9.7
		1,265.2		1,052.9
Interest Expense				
Fixed Loans		2.5		1.1
Others		3.4		3.3
		5.9		4.4
6 INFORMATION RELATING TO CONSUMPTION OF MATERIALS	Quantity	Value	Quantity	Value
Raw Materials and Packing Materials				
Raw Materials- (in '000 KGs)	12,521.5	6,555.7	14,016.7	6,452.3
Raw Materials-(In Kilo Litres)	24,362.9		25,826.7	
Packing/Other Materials	*	626.9	*	639.3
Total		7,182.6		7,091.6

*Information can not be furnished as the items involved are numerous.
None of the items individually account for more than 10% of total consumption.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11		2009-10					
		₹ in Million		₹ in Million				
Imported and Indigenous Raw Materials and Packing Materials	%	Value	%	Value				
Imported	41.44	2,976.5	44.38	3,147.3				
Indigenous	58.56	4,206.1	55.62	3,944.3				
Total	100.00	7,182.6	100.00	7,091.6				
Stores and Spares								
Imported	0.53	1.8	1.03	3.3				
Indigenous	99.47	337.3	98.97	319.3				
Total	100.00	339.1	100.00	322.6				
7 INFORMATION RELATING TO LICENSED CAPACITY AND PRODUCTION		2010-11		2009-10				
Formulation (Tablets/Capsules/Parenterals/Ointments) (Nos in Million)								
Licensed Capacity		Not Applicable		Not Applicable				
Installed Capacity*		7,157.4		7,216.3				
Actual Production (including loan license)		2,085.7		2,544.4				
Bulk Drugs/Chemicals								
Licensed Capacity		Not Applicable		Not Applicable				
Installed Capacity* (In Kilo Litres)		1,181.7		1,093.6				
Actual Production (including loan license) (In ₹ 000Kgs) (*as certified by the Management)		2,252.5		2,227.2				
8 INFORMATION RELATING TO TURNOVER, PURCHASE OF GOODS AND STOCKS	₹ in Million							
	Turnover		Purchase of Goods		Opening Stock		Closing Stock	
	Quantity	Value ₹	Quantity	Value ₹	Quantity	Value ₹	Quantity	Value ₹
Formulations (Qty Million)								
2010-11	2,473.0	15,918.0	361.2	1,751.7	206.0	388.7	180.0	317.0
2009-10	2,788.1	13,884.2	268.1	1,329.0	181.6	362.4	206.0	388.7
Bulk Drugs/Chemicals (Qty in '000 Kgs)								
2010-11	2,252.7	3,909.7	13.1	8.5	134.0	386.2	146.9	651.1
2009-10	2,294.1	4,602.9	10.2	2.7	190.7	602.5	134.0	386.2
Others								
2010-11		30.1		6.6		—		—
2009-10		41.7		38.7		—		—
Total								
2010-11		19,857.8		1,766.8		774.9		968.1
2009-10		18,528.8		1,370.4		964.9		774.9

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
9 INCOME/EXPENDITURE IN FOREIGN CURRENCY		
Income		
Exports (FOB basis)	8,963.6	8,389.5
Interest	0.9	9.8
Others	41.1	109.0
Expenditure		
Raw Materials (CIF basis)	2,722.9	3,003.9
Packing Materials (CIF basis)	337.3	242.6
Capital Goods (CIF basis)	903.5	242.0
Spares and Components (CIF basis)	76.1	26.4
Professional Charges	206.2	226.2
Overseas Travel	82.1	80.4
Others	828.8	807.5
10 The net exchange gain of ₹ 307.3 Million (Previous Year gain of ₹ 36.4 Million) is included under various heads in the Profit and Loss account.		
11 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:		
(a) An amount of ₹ 33.0 Million (Previous Year ₹ 14.8 Million) and ₹ NIL (Previous Year ₹ NIL) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.		
(b) No interest was paid during the year.		
(c) No interest is payable at the end of the year under Micro, Small and Medium Enterprises Development Act, 2006.		
(d) No amount of interest was accrued and unpaid at the end of the accounting year.		
The above information and that given in Schedule 12 - "Current Liabilities and Provisions" regarding Micro, Small and Medium 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.		
12 Disclosure with respect to Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 :		
(i) Related Party Disclosure - as per Annexure 'A'		
(ii) Accounting Standard (AS-20) on Earnings Per Share		
Profit After Tax - used as Numerator for calculating Earnings per share	13,838.0	8,986.5
Weighted Average number of Shares used in computing basic & diluted earnings per share	1,035,581,955	1,035,581,955
Nominal Value Per Share (in ₹)	1	1
Basic & Diluted Earnings Per Share (in ₹)	13.4	8.7
Consequent to the approval of the members of the Company and upon requisite regulatory compliance, during the year, one equity share of ₹ 5 each of the Company is sub-divided into five equity shares of ₹ 1 each fully paid-up. The Earnings Per Share of ₹ 1 each has been restated for all the corresponding periods in accordance with Accounting Standard (AS-20) on "Earnings Per Share" as notified under The Companies (Accounting Standards) Rules, 2006.		

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11	2009-10
	₹ in Million	₹ in Million
(iii) Accounting Standard (AS-17) on Segment Reporting		
(a) Primary Segment The Company has identified "Pharmaceuticals" as the only primary reportable business segment.		
(b) Secondary Segment (by Geographical Segment)		
India	10,171.8	9,348.8
Outside India	9,686.0	9,180.0
Total Sales	19,857.8	18,528.8

In view of the interwoven/intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

(iv) Accounting Standard (AS-15) on Employee benefits

Contributions are made to Recognised Provident Fund/ Government Provident Fund, Family Pension Fund, ESIC and other Statutory 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 are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 108.1 Million (Previous year ₹ 90.8 Million)

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
Contribution to Provident Fund	102.5	87.4
Contribution to Employees State Insurance Scheme (ESIC) and Employees Deposit Linked Insurance (EDLI)	5.5	3.3
Contribution to Labour Welfare Fund	0.1	0.1

In respect of Gratuity, Contributions are made to LIC's Recognised Group Gratuity Fund Scheme based on amount demanded by LIC of India. Provision for Gratuity is based on actuarial valuation done by independent actuary as at the year end. Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Company rules amounting to ₹ 43.2 Million (Previous Year ₹ 38.8 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. After the issuance of the Accounting Standard 15 on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	₹ in Million Year ended	
	31st March, 2011	31st March, 2010
<p>Category of Plan Assets : The Company's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India.</p> <p>In respect of gratuity (funded):</p>		
Reconciliation of liability recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	248.3	212.7
Fair value of plan assets	274.2	228.5
Net asset in the Balance sheet	25.9	15.8
Movement in net liability recognised in the Balance sheet		
Net liability / (assets) as at the beginning of the year	(15.8)	(44.8)
Net expense recognised in the Profit and Loss account	29.0	60.2
Contribution during the year	(39.1)	(31.2)
Net liability / (assets) in the Balance sheet	(25.9)	(15.8)
Expense recognised in the Profit and Loss account		
Current service cost	25.2	18.6
Interest cost	18.3	12.1
Expected return on plan assets	(20.7)	(16.5)
Actuarial loss	6.2	46.0
Expense charged to the Profit and Loss account	29.0	60.2
Return on plan assets		
Expected return on plan assets	20.7	16.5
Actuarial gain	3.3	3.3
Actual return on plan assets	24.0	19.8
Reconciliation of defined-benefit commitments		
Commitments as at the beginning of the year	212.7	142.4
Current service cost	25.2	18.6
Interest cost	18.3	12.1
Paid benefits	(17.4)	(9.7)
Actuarial loss	9.5	49.3
Commitments as at the year end	248.3	212.7
Reconciliation of plan assets		
Plan assets as at the beginning of the year	228.5	187.2
Expected return on plan assets	20.7	16.5
Contributions during the year	39.1	31.2
Paid benefits	(17.4)	(9.7)
Actuarial gain	3.3	3.3
Plan assets as at the year end	274.2	228.5
<p>The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:</p>		
Discount rate	8.25%	8.00%
Expected return on plan assets	8.25%	8.00%
Expected rate of salary increase	6.00%	6.00%
Mortality	LIC (1994-96) Ultimate	
<p>The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.</p>		

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	₹ in Million Year ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Experience adjustment					
On plan liabilities	17.5	56.5	5.2	126.9	3.1
On plan assets	3.3	3.3	3.9	2.4	1.2
Present value of benefit obligation	248.3	212.7	142.4	106.4	75.0
Fair value of plan assets	274.2	228.5	187.2	104.0	83.5
Excess of (obligation over plan assets) / plan assets over obligation	25.9	15.8	44.8	(2.4)	—

The contribution expected to be made by the Company during financial year ending 31st March, 2012 is ₹ 35.5 Million.

(v) Accounting Standard (AS-19) on Operating Leases

- (a) The company has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and licence agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and licence, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.
- (b) Lease payments are recognised in the Profit and Loss Account under "Rent" in Schedule 17.

13 Investment Purchased and Sold during the Year

Mutual Fund Units (Units of Face Value of ₹10 Each, unless stated otherwise)

	2010-11			2009-10		
	Units In Nos.	Purchase Value ₹ in Million	Sales Value ₹ in Million	Units In Nos.	Purchase Value ₹ in Million	Sales Value ₹ in Million
AIG Mutual Fund (*)	416,710	466.7	470.7	—	—	—
Axis Mutual Fund (*)	1,009,567	1,050.7	1,051.8	467,443	470.0	470.6
Baroda Pioneer Mutual Fund	259,183,237	2,750.1	2,758.7	471,961,898	4,880.8	4,893.2
Bharti AXA Mutual Fund (*)	445,569	500.0	500.9	1,323,588	1,450.1	1,453.1
Birla Sun Life Mutual Fund	1,776,929,287	24,953.3	25,009.0	1,313,064,099	19,875.2	19,922.8
Canara Robeco Mutual Fund	89,332,745	1,050.0	1,051.9	38,822,296	426.0	426.5
Daiwa Mutual Fund (*)	289,577	315.0	315.1	—	—	—
DBS Chola Mutual Fund	—	—	—	74,088,548	870.0	873.0
Deutsche Asset Management	492,226,715	5,756.5	5,775.3	1,017,540,933	11,705.9	11,767.2
Deutsche Asset Management(**)	2,884,076	365.0	365.1	—	—	—
DSP Mutual Fund	50,000,000	500.0	508.1	85,372,150	1,330.1	1,339.7
DSP Mutual Fund (*)	1,289,746	1,733.1	1,738.5	2,422,780	3,060.0	3,060.4
Fidelity Mutual Fund	19,607,689	250.0	251.3	278,879,207	3,320.2	3,333.2
Fortis Mutual Fund	230,265,112	3,259.0	3,268.8	912,190,062	10,960.4	11,002.3
HDFC Mutual Fund	71,110,348	1,260.1	1,261.9	661,627,364	12,245.1	12,282.6
HSBC Mutual Fund	3,452,371	50.0	50.0	—	—	—
ICICI Prudential Mutual Fund	328,068,526	3,414.4	3,432.4	1,183,651,098	15,070.2	15,114.3
ICICI Prudential Mutual Fund (**)	66,974,317	9,343.0	9,345.5	53,162,327	7,218.1	7,220.9
IDBI Mutual Fund	196,116,534	1,980.1	1,986.3	—	—	—
IDFC Mutual Fund	126,971,449	1,509.7	1,519.4	373,697,093	4,383.1	4,407.5
JM Mutual Fund	261,515,878	3,660.1	3,692.7	186,522,165	2,574.1	2,580.2
JP Morgan Asset Management	503,324,578	6,121.1	6,134.8	292,533,033	3,415.2	3,428.8



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

in Million

	2010-11			2009-10		
	Units In Nos.	Purchase Value ₹ in Million	Sales Value ₹ in Million	Units In Nos.	Purchase Value ₹ in Million	Sales Value ₹ in Million
Kotak Mutual Fund	425,171,798	6,860.2	6,877.9	84,497,852	1,470.0	1,472.1
L&T India Mutual Fund	60,132,981	700.0	705.2	—	—	—
Morgan Stanely Mutual Fund	9,438,860	100.0	100.1	25,000,000	250.0	250.1
Pramerica Mutual Fund	66,398,567	665.0	667.8	—	—	—
Pramerica Mutual Fund (*)	3,006,177	3,060.0	3,064.2	—	—	—
Principal Mutual Fund	63,827,588	810.0	813.4	519,967,061	7,427.4	7,430.9
Reliance Mutual Fund	276,801,181	4,205.0	4,207.8	544,884,579	7,435.0	7,437.0
Reliance Mutual Fund (*)	198,472	250.0	251.3	4,539,867	5,580.8	5,630.2
Religare Mutual Fund	141,430,843	1,730.7	1,732.9	614,014,034	7,150.3	7,188.4
SBI Mutual Fund	149,868,573	2,320.0	2,323.3	—	—	—
Shinsei Mutual Fund	—	—	—	112,570,172	1,135.0	1,136.4
Shinsei Mutual Fund (*)	2,559,701	2,690.6	2,701.5	2,794,682	2,840.7	2,853.7
Sundaram BNP Paribas Mutual Fund	74,059,634	1,390.0	1,392.3	31,608,298	470.0	470.6
Taruas Mutual Fund (*)	771,222	810.0	810.4	—	—	—
Tata Mutual fund	—	—	—	17,775,366	250.0	250.6
Templeton Mutual Fund (*)	2,166,895	3,085.0	3,086.9	1,869,343	2,493.0	2,499.9
UTI Mutual Fund (*)	558,745	593.4	594.4	3,415,543	3,463.2	3,465.9
(*) Units of Face Value of ₹ 1,000 Each						
(**) Units of Face Value of ₹ 100 Each						
Certificate of Deposit						
(Units of Face Value of ₹ 100,000 Each)						
IDBI Bank	2,500	249.1	250.0	—	—	—
State Bank of Indore	10,000	995.4	1,000.0	—	—	—
Axis Bank	5,000	497.1	500.0	—	—	—
Oriental Bank of Commerce	9,500	941.7	950.0	—	—	—
Bank of India	2,500	248.9	250.0	—	—	—
Canara Bank	2,500	248.8	250.0	—	—	—
Bank of Maharashtra	5,000	497.1	500.0	—	—	—
Corporation Bank	10,000	996.7	1,000.0	—	—	—
Allahabad Bank	20,000	1,987.7	2,000.0	—	—	—
United Bank of India	5,000	496.5	500.0	—	—	—
Punjab National Bank	7,500	745.0	750.0	—	—	—
Central Bank of India	6,500	642.4	650.0	—	—	—
Federal Bank	2,500	245.9	250.0	—	—	—
ING Vysha Bank	2,500	245.8	250.0	—	—	—
Debentures						
ETHL Communications Holdings Ltd. Units of Face Value of ₹ 1,000,000 Each	250	232.2	245.6	—	—	—
Commercial Paper						
India Infoline Ltd. Units of Face Value of ₹ 500,000 Each	2,000	995.5	998.4	—	—	—

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11		2009-10	
	₹ in Million		₹ in Million	
14 Profit / (Loss) on Sale of Investments (net)				
Profit / (Loss) on Sale of Current Investments (net)		371.6		(440.7)
Profit / (Loss) on Sale of Long Term Investments (net)		21.5		105.9
		393.1		(334.8)
15 Balances with Other Banks held in:	Balance As at	Maximum Balance	Balance As at	Maximum Balance
Name of the Bank/Institution	31st March, 2011	2010-11	31st March, 2010	2009-10
UBS AG Wealth Management-London ₹ 8,308 (Previous Year ₹ 8,631) Maximum Balance ₹ 8,631 (Previous Year ₹ 9,490)	0.0	0.0	0.0	0.0
Credit Agricole (Suisse) S.A.Private Bank	1.4	355.3	354.5	430.5
Vietnam Export Import Bank, Hochiminch Branch, Vietnam	0.4	12.1	2.7	18.3
Standard Chartered, Shanghai Branch, China	2.7	11.3	4.4	17.3
Moscow Bank, Moscow Branch, Moscow	1.2	18.2	2.4	10.2
Belvnesheconom Bank, Minsk Branch, Belarus	0.9	6.6	0.1	6.2
Tsesna Bank, Almaty Branch, Kazakhstan	0.6	6.1	0.3	5.8
Ukreixm Bank, Kyiv Branch, Ukraine	0.6	3.9	0.6	3.5
Total	7.8		365.0	
16 Loans / Advances due from Subsidiaries				
Loans				
Green Eco Development Centre Ltd.	0.1	0.1	—	—
Sun Pharma De Venezuela, C.A.	1.2	1.2	—	—
Advances :Share Application Money to				
Sun Pharma Global Inc. BVI	—	1,344.0	1,344.0	2,173.4
Sun Pharma De Mexico, S.A. DE C.V.	59.9	60.3	60.3	68.4
Total	61.2		1,404.3	
17 Intangible assets consisting of trademarks, designs, technical knowhow, non compete fees and other intangible assets are stated at cost of acquisition based on their agreements and are available to the Company in perpetuity. The depreciable 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.				
18 Legal Proceedings				
The Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims and other regulatory matters relating to conduct of its business. The Company carries product liability insurance / is contractually indemnified by the manufacturer, in an amount it believes is sufficient for its needs. In respect of other claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters will not have material adverse effect on its Financial Statements.				
19 Taro Pharmaceutical Industries Ltd (Taro), a pharmaceutical company, incorporated in Israel became a subsidiary of the Company on September 20, 2010.				
20 As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 as notified by Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.				

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

		Year ended 31st March, 2011	Year ended 31st March, 2010		
		₹ in Million	₹ in Million		
21 Remuneration to Auditors (excluding service tax) :					
Audit Fees		6.6	6.6		
In any other manner, for certification etc.		0.2	0.2		
Out of pocket expenses		0.1	0.1		
Total		6.9	6.9		
22	The Company enters into Forward Exchange Contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date.				
A)	The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2011				
Currency	Buy/Sell	Cross Currency	Amount in Million As at 31st March, 2011	Amount in Million As at 31st March, 2010	
US Dollar	Sell	₹	\$310.0	\$175.0	
B)	The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:				
a)	Amounts receivable in foreign currency on account of the following :				
	Currency	As at 31st March, 2011 Amount in Million		As at 31st March, 2010 Amount in Million	
Exports of Goods & Services	US Dollar	\$20.6	₹ 917.5	\$14.6	₹ 655.2
	Euro	€ 3.5	₹ 221.3	€ 4.0	₹ 240.5
	XOF	XOF 6.1	₹ 0.6	XOF 5.7	₹ 0.5
	British Pound	£0.6	₹ 40.9	£0.7	₹ 48.9
CHF 14,500	Swiss Franc	CHF 0.0	₹ 0.7	—	—
Loans Receivables	US Dollar	\$1.3	₹ 59.9	\$1.3	₹ 60.3
Share Application Money	US Dollar	—	—	\$30.0	₹ 1,344.0
b)	Amounts payable in foreign currency on account of the following :				
Import of Goods & Services	US Dollar	\$5.7	₹ 254.3	\$6.3	₹ 280.8
	Euro	€ 0.1	₹ 9.2	€ 0.3	₹ 16.6
£ 360 (Previous Year £ 3,821) ₹ 25,693	British Pound	£0.0	₹ 0.0	£0.0	₹ 0.3
CHF 8,260	Swiss Franc	CHF 0.0	₹ 0.4	—	—
AUD 5,311	Australian Dollar	AUD 0.0	₹ 0.2	—	—
CAD 3,743	Canadian Dollar	CAD 0.0	₹ 0.2	—	—
	Chinese Yuan	CNY 0.6	₹ 3.8	—	—
	Japanese Yen	JPY 13.1	₹ 7.1	JPY 9.4	₹ 4.4
Commission Payable	US Dollar	\$4.2	₹ 188.0	\$3.1	₹ 139.6
	Euro	€ 1.3	₹ 80.5	€ 1.0	₹ 58.4
23	Previous years' figures are restated / regrouped / rearranged wherever necessary in order to conform to current years' groupings and classifications.				

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

Annexure 'A' to Notes on Account

ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURE "

Names of related parties and description of relationship

1. Subsidiaries

Alkaloida Chemical Company Zrt
 Caraco Pharmaceutical Laboratories Ltd.
 Chattem Chemical Inc.
 Green Eco Development Centre Ltd.
 OOO "Sun Pharmaceutical Industries" Ltd.
 Sun Farmaceutica Ltda (upto 30th September, 2010)
 TKS Farmaceutica Ltda.
 Sun Pharma De Mexico S.A. DE C.V.
 Sun Pharma De Venezuela, CA
 Sun Pharma Global Inc.
 Sun Pharmaceutical (Bangladesh) Ltd.
 Sun Pharmaceutical Industries (Europe) B.V.
 Sun Pharmaceutical Industries Inc.
 Sun Pharmaceutical Spain, S.L.
 Sun Pharmaceuticals France
 Sun Pharmaceuticals Germany GmbH
 Sun Pharma Global (FZE)
 Sun Pharmaceuticals Italia S.R.L.
 Sun Pharmaceuticals UK Ltd.
 Taro Pharmaeetical Industries Ltd.
 Sun Pharmaceutical Industries (Australia) Pty. Ltd.
 Aditya Acquisition Company Ltd.
 Sun Pharmaceuticals (SA) (Pty) Ltd.
 Sun Global Canada Pty Ltd.
 Sun Pharmaceutical Peru S.A.C.
 Taro Development Corporation
 Sun Development Corporation I (upto 20th September, 2010)
 ZAO Sun Pharma Industries Ltd.
 SPIL De Mexico S.A. DE C.V.
 Caraco Pharma Inc.
 3 Sky Line LLC
 One Commerce Drive LLC
 Taro Healthcare Ltd.
 Taro Hungary Intellectual Property Licensing LLC
 Taro Industries Ltd.
 Taro International Ltd - Isaral
 Taro Laboratories Ltd.
 Taro Manufacturing Ltd.
 Taro Pharmaceutical INC.



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

Annexure 'A' to Notes on Account

ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURE "

Names of related parties and description of relationship

	Taro Pharmaceutical India Pvt. Ltd.	
	Taro Pharmaceutical Laboratories INC.	
	Taro Pharmaceutical U.S.A., INC.	
	Taro Pharmaceuticals Europe B.V.	
	Taro Pharmaceuticals Ireland Ltd.	
	Taro Pharmaceuticals North America INC	
	Taro Pharmaceuticals UK Ltd.	
	Taro Research Institute Ltd.	
	Tarochem Ltd.	
	Morley and Company Inc.	
	Sun Laboratories FZE	
	Taro Pharmaceuticals Canada Ltd.	
	Sun Laboratories Inc.	
	Taro International Ltd - UK	
2. Controlled Entity	Sun Pharma Exports	
	Sun Pharmaceutical Industries	
	Sun Pharma Sikkim	
	Sun Pharma Drugs	
	Universal Enterprise Pvt. Ltd.	
3. Key Management Personnel	Mr. Dilip S. Shanghvi	Chairman & Managing Director
	Mr. Sudhir V. Valia	Wholetime Director
	Mr. Sailesh T. Desai	Wholetime Director
	Mr. S. Kalyanasundaram	Chief Executive Officer and Wholetime Director
4. Relatives of Key Management Personnel	Mr. Aalok Shanghvi	Son of Chairman and Managing Director
	Ms. Khyati Valia	Daughter of Wholetime Director
5. Enterprise under significant Influence of Key Management Personnel or their relatives	Sun Petrochemicals Pvt. Ltd.	
	Navjivan Rasayan (Gujarat) Pvt. Ltd.	
	Sun Pharma Advanced Research Company Ltd.	

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

Annexure 'A' to Notes on Account

₹ in Million

ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURE "												
Particulars	Subsidiaries		Controlled Entity		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10
Corporate Guarantees Given / (Released) on behalf of	(2,508.8)	15.7	—	200.0	—	—	—	—	—	(125.0)	(2,508.8)	90.7
Sun Pharma Global Inc	(2,508.8)	—	—	—	—	—	—	—	—	—	(2,508.8)	—
Sun Pharma Sikkim	—	—	—	200.0	—	—	—	—	—	—	—	200.0
Sun Pharma Advanced Research Company Ltd.	—	—	—	—	—	—	—	—	—	(125.0)	—	(125.0)
Sun Pharmaceuticals Italia S.R.L.	—	15.7	—	—	—	—	—	—	—	—	—	15.7
Interest Income	—	—	2.2	2.2	—	—	—	—	—	—	2.2	2.2
Sun Pharmaceutical Industries	—	—	1.1	1.1	—	—	—	—	—	—	1.1	1.1
Sun Pharma Sikkim	—	—	1.1	1.1	—	—	—	—	—	—	1.1	1.1
Rent Income	—	—	3.0	1.9	—	—	—	—	1.4	0.7	4.4	2.6
Sun Pharmaceutical Industries	—	—	1.6	1.6	—	—	—	—	—	—	1.6	1.6
Sun Pharma Sikkim	—	—	1.4	0.3	—	—	—	—	—	—	1.4	0.3
Sun Pharma Advanced Research Company Ltd.	—	—	—	—	—	—	—	—	1.3	0.6	1.3	0.6
Others	—	—	—	—	—	—	—	—	0.1	0.1	0.1	0.1
Director's Remuneration	—	—	—	—	61.6	35.8	—	—	—	—	61.6	35.8
Mr. Dilip S. Shanghvi	—	—	—	—	16.9	15.0	—	—	—	—	16.9	15.0
Mr. Sudhir V. Valia	—	—	—	—	16.9	15.0	—	—	—	—	16.9	15.0
Mr. Sailesh T. Desai	—	—	—	—	7.8	5.8	—	—	—	—	7.8	5.8
Mr. S. Kalyanasundaram	—	—	—	—	20.0	—	—	—	—	—	20.0	—
Apprenticeship Stipend / Remuneration	—	—	—	—	—	—	1.4	0.8	—	—	1.4	0.8
Mr. Aalok Shanghvi	—	—	—	—	—	—	0.9	0.5	—	—	0.9	0.5
Ms. Khyati Valia	—	—	—	—	—	—	0.5	0.3	—	—	0.5	0.3
Remuneration (Partner's) Received	—	—	62.0	150.7	—	—	—	—	—	—	62.0	150.7
Sun Pharmaceutical Industries	—	—	62.0	150.7	—	—	—	—	—	—	62.0	150.7
Share of profit from Partnership Firm	—	—	11,653.9	6,625.9	—	—	—	—	—	—	11,653.9	6,625.9
Sun Pharma Sikkim	—	—	10,786.3	4,515.5	—	—	—	—	—	—	10,786.3	4,515.5
Sun Pharmaceutical Industries	—	—	867.6	2,110.4	—	—	—	—	—	—	867.6	2,110.4
Others ₹ (3292) (Previous Year ₹ (800))	—	—	(0.0)	(0.0)	—	—	—	—	—	—	(0.0)	(0.0)
Outstanding Corporate Guarantee to Bank	282.8	2,793.3	200.0	200.0	—	—	—	—	—	—	482.8	2,993.3
Sun Pharma De Mexico S.A. DE C.V.	133.6	134.4	—	—	—	—	—	—	—	—	133.6	134.4
(Actual Utilised ₹ Nil (Previous Year ₹ Nil))	—	—	—	—	—	—	—	—	—	—	—	—
Sun Pharmaceutical (Bangladesh) Ltd.	133.6	134.4	—	—	—	—	—	—	—	—	133.6	134.4
(Actual Utilised ₹ 18.4 Million (Previous Year ₹ 23.2 Million))	—	—	—	—	—	—	—	—	—	—	—	—
Sun Pharma Sikkim (Actual Utilised ₹ 27.6 Million (Previous Year ₹ 16.2 Million))	—	—	200.0	200.0	—	—	—	—	—	—	200.0	200.0
Sun Pharma Global Inc	—	2,508.8	—	—	—	—	—	—	—	—	—	2,508.8
(Actual Utilised ₹ Nil (Previous Year ₹ Nil))	—	—	—	—	—	—	—	—	—	—	—	—
Others (Actual Utilised ₹ Nil (Previous Year ₹ 12.1 Million))	15.6	15.7	—	—	—	—	—	—	—	—	15.6	15.7
Outstanding receivables / Payables (Net)	1,899.3	2,759.7	(0.1)	(0.1)	(11.7)	(7.6)	(0.2)	(0.2)	20.9	48.4	1,908.2	2,800.2
Caraco Pharmaceutical Laboratories Ltd.	1,127.2	780.2	—	—	—	—	—	—	—	—	1,127.2	780.2
OOO "Sun Pharmaceutical Industries" Ltd.	438.9	277.5	—	—	—	—	—	—	—	—	438.9	277.5
Others	333.2	1,702.0	(0.1)	(0.1)	(11.7)	(7.6)	(0.2)	(0.2)	20.9	48.4	342.1	1,742.4

Information required as per Part IV of Schedule VI to The Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	Balance Sheet Date	State Code
04/19050	31st March, 2011	04

II. Capital Raised during the year (₹ in Million)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (₹ in Million)

Total Liabilities	Total Assets
68595.7	68595.7

Sources of Funds

Paid up Capital	Reserves and Surplus
1035.6	65769.7
Secured Loans	Unsecured Loans
505.3	Nil
Deferred Tax Liability (Net)	
1285.1	

Application of Funds

Net Fixed Assets	Investments
10224.5	36014.2
Net Current Assets	Miscellaneous Expenditure
22357.0	NIL
	Accumulated Losses
	NIL

IV. Performance of the Company (₹ in Million)

Total Income	Total Expenditure
32988.7	18448.5
Profit Before Tax	Profit After Tax
14540.2	13838.0
Earning Per Share (₹)	Dividend Rate
13.4	350.0%

V. Generic Names of Three Principal Products of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
30049079	Rivastigmine
29420090	Pentoxifyline
30043200	Progesterone

SUNIL R. AJMERA
Company Secretary

Mumbai, 28th May, 2011

S. KALYANASUNDARAM
Wholetime Director & CEO

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

Mumbai, 28th May, 2011

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said Clause and lists the practices followed by the Company.

1. Company's Philosophy on Code of Corporate Governance

Sun Pharmaceutical Industries Limited's philosophy on corporate governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company tries to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

Sun Pharmaceutical Industries Limited is committed to learn and adopt the best practices of corporate governance.

2. Board of Directors

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

Composition and category of Directors is as follows:

Category	Name of the Directors	Inter-se Relationship between Directors
Promoter Executive Director	Mr. Dilip S. Shanghvi (Chairman and Managing Director)	Brother-in-law of Mr. Sudhir V. Valia
Non-Promoter Executive Directors	Mr. Sudhir V. Valia (Whole- time Director)	Brother-in-law of Mr. Dilip S. Shanghvi
	Mr. Sailesh T. Desai (Whole- time Director)	—
	Mr. S. Kalyanasundaram* (Chief Executive Officer & Whole-time Director)	—
Non Executive Independent Directors	Mr. S. Mohanchand Dadha	—
	Mr. Hasmukh S. Shah	—
	Mr. Keki M. Mistry	—
	Mr. Ashwin S. Dani	—

Number of Board Meetings held during the year ended March 31, 2011 and the dates on which held: 5 Board meetings were held during the year, as against the minimum requirement of 4 meetings.

The dates on which the meetings were held during the year ended March 31, 2011 are as follows: May 24, 2010, July 28, 2010, September 24, 2010, October 30, 2010 and January 31, 2011.

Attendance of each Director at the Board meetings, last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director, is given below:

Name of the Director	Attendance Particulars for the year ended March 31, 2011		*No. of other directorships and committee memberships /chairmanships as of March 31, 2011		
	Board Meetings	Last AGM held on September 24, 2010	Other Directorships	Committee Memberships**	Committee Chairmanships **
Mr. Dilip S. Shanghvi	4	No	1	—	—
Mr. Sudhir V. Valia	5	Yes	5	1	1
Mr. Sailesh T. Desai	5	Yes	1	—	—
Mr. S. Mohanchand Dadha	5	Yes	3	—	1
Mr. Hasmukh S. Shah	5	Yes	6	1	1
Mr. Keki M. Mistry	5	Yes	12	7	2
Mr. Ashwin S. Dani	4	Yes	6	1	2
Mr. S. Kalyanasundaram	4	Yes	—	—	—

* The above list of other directorships does not include Directorships, Committee Memberships and Committee Chairmanships in Private, Foreign and Section 25 Companies.

**The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Shareholders'/ Investors' Grievance Committee only.

3. Code of Conduct

The Board of Directors have laid down a code of conduct for all Board members and senior management of the Company. All the Directors and senior management personnel have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors and a declaration to this effect has been annexed to the Corporate Governance Report. The code of conduct has been posted on the website of the Company www.sunpharma.com.

4. Audit Committee

The Audit committee of the Company comprises of three independent non-executive Directors viz. Mr. Keki M. Mistry, Mr. S. Mohanchand Dadha and Mr. Hasmukh S. Shah. Mr. Keki M. Mistry is the Chairman of the committee. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. Mr. Kamlesh H. Shah, Company Secretary of the Company was the Secretary of the Audit Committee upto March 31, 2011 & from April 1, 2011 Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Audit Committee.

The terms of reference of the Audit Committee inter alia include overseeing the Company's financial reporting process, reviewing the quarterly/ half-yearly/ annual financial statements, reviewing with the management the financial statements and adequacy of internal audit function, management letters issued by the statutory auditor, recommending the appointment/ re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/ related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations and also statutory compliance issues. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

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

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

In addition, the Committee has discharged such other role/ function as envisaged under Clause 49 of the Listing Agreement of the Stock Exchange and the provisions of Section 292A of the Companies Act, 1956.

Corporate Governance

Four Audit Committee Meetings were held during the year ended March 31, 2011. The dates on which Meetings were held are as follows: May 24, 2010, July 28, 2010, October 30, 2010 and January 31, 2011. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Audit Committee Meetings Attended
Mr. Keki M. Mistry	Chairman	4
Mr. S. Mohanchand Dadha	Member	4
Mr. Hasmukh S. Shah	Member	4

5. Remuneration Committee

The Company has not formed any Remuneration Committee of Directors. The Whole - time Directors' remuneration is approved by the Board within the overall limit fixed by the shareholders at their meetings. The payment of remuneration by way of commission to the Non- Executive Directors of the Company is within the total overall maximum limit of quarter percent of net profits as worked under the provisions of Sections 349 & 350 of the Companies Act, 1956. This will be in addition to the sitting fees of ₹ 5,000/- payable to the Non Executive Directors for attending each meeting of the Board and/or of Committee thereof. The actual commission payable to the Non- Executive Directors of our Company severally and collectively as below mentioned has been decided by the Board of Directors of the Company at their Meeting held on January 31, 2011 which is within the overall limit fixed as above by the Members of the Company.

The details of the remuneration paid/payable to the Directors during the year 2010-2011 are given below:

(Amount in ₹)

Directors	Salary #	Bonus	Perquisites* / Benefits	Commission	Sitting Fees	Total
Mr. Dilip S. Shanghvi	1,26,48,000	25,29,600	17,43,589	-	-	1,69,21,189
Mr. Sudhir V. Valia	1,26,48,000	25,29,600	16,84,968	-	-	1,68,62,568
Mr. Sailesh T. Desai	48,72,000	9,74,400	19,86,939	-	-	78,33,339
Mr. S. Mohanchand Dadha	-	-	-	10,00,000	70,000	10,70,000
Mr. Hasmukh S. Shah	-	-	-	10,00,000	75,000	10,75,000
Mr. Keki M. Mistry	-	-	-	10,00,000	45,000	10,45,000
Mr. Ashwin S. Dani	-	-	-	10,00,000	20,000	10,20,000
Mr. S.Kalyanasundaram	84,00,000	16,80,000	98,86,378	-	-	1,99,66,378

Salary includes Special Allowance.

* Perquisites include House Rent Allowance, Leave Travel Assistance, Medical Reimbursement, contribution to Provident Fund and such other perquisites, payable to Directors.

Besides this, all the Whole - time Directors are also entitled to encashment of leave and Gratuity at the end of tenure, as per the rules of the Company.

Notes: -

- The Agreement with each of the Executive Directors excluding Mr.S.Kalyanasundaram is for a period of 5 years. Either party to the agreement is entitled to terminate the Agreement by giving to the other party 30 days notice in writing.
- Mr.S. Kalyanasundaram has been appointed as Chief Executive Officer & Whole-time Director of the Company for a period of five years with effect from April 1, 2010. As per the terms of his employment, his appointment is terminable by either party giving to the other party advance notice of twelve months, provided that the Company may waive the notice by giving the remuneration for twelve months which the CEO would have received, had he remained in office for the said twelve months. Further, the Company may at its discretion terminate the employment under certain specified circumstances as per the terms of his employment.
- The Company presently does not have a scheme for grant of stock options either to the Executive Directors or employees.

- d) There is no separate provision for payment of severance fees to Whole-time Director(s) excluding Mr. S. Kalyanasundaram as mentioned under (b) above.

Details of Equity Shares held by Non-Executive Directors as on March 31, 2011

Director	No. of Shares held (including shares held jointly)
Mr. S. Mohanchand Dadha	1,42,140
Mr. Hasmukh S. Shah	6,000
Mr. Keki M. Mistry	25,000
Mr. Ashwin S. Dani	Nil

6. Shareholders'/Investors' Grievance Committee

The Board of the Company had constituted a Shareholders'/Investors' Grievance Committee, comprising of Mr. S. Mohanchand Dadha, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia with Mr. Hasmukh S. Shah as the Chairman. The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The Committee looks into shareholders' complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to M/s. Link Intime India Pvt. Ltd, and/or the Company Secretary of the Company.

The Board has designated severally, Mr. Kamlesh H. Shah, Company Secretary (upto March 31, 2011), Mr. Sunil R. Ajmera, Company Secretary (from April 1, 2011) and Mr. Ashok I. Bhuta, D.G.M (Legal & Secretarial) as Compliance Officers.

Five meetings of the Shareholders'/Investors' Grievance Committee were held during the year ended March 31, 2011. The dates on which Meetings were held are as follows: May 24, 2010, July 28, 2010, September 24, 2010, October 30, 2010 and January 31, 2011. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Shareholders'/Investors' Grievance Committee Meetings attended
Mr. Hasmukh S. Shah	Chairman	5
Mr. Sudhir V. Valia	Member	5
Mr. Dilip S. Shanghvi	Member	4
Mr. S. Mohanchand Dadha	Member	5

Investor Complaints :

The total number of complaints received and resolved to the satisfaction of shareholders during the year under review, were 24.

7. Committee of Directors (Allotment)

The Board of Directors of the Company had constituted the Committee of Directors (Allotment) at the Board Meeting held on October 30, 2010, comprising of Mr. Sailesh T. Desai, Mr. S. Mohanchand Dadha, Mr. Hasmukh S. Shah with Mr. Sudhir V. Valia as the Chairman. Mr. Kamlesh Shah, Company Secretary & Compliance Officer acted as the Secretary and Compliance Officer of the Committee and Mr. Ashok I. Bhuta, DGM (Legal & Secretarial) & Compliance Officer acted as the Compliance Officer of the Committee.

The Committee inter alia had the powers to decide all matters relating to the issue and allotment of equity shares of ₹ 1/- each of the Company on sub-division/split of equity shares of ₹ 5/- each, to credit the equity shares so allotted through NSDL/ CDSL/ Other depository to the concerned beneficiary account and to issue the subdivided share certificates to the shareholders holding the shares in physical form and to perform any or all of the acts, deeds, things and matters as may be required in connection with such issue, allotment and listing of equity shares of ₹ 1/- each.

One meeting was held on November 29, 2010 during the year ended on March 31, 2011. Mr. Sudhir V. Valia, Mr. Sailesh T. Desai & Mr. Hasmukh S. Shah were present at the Meeting.

The said Committee of Directors (Allotment) was discontinued and dissolved at the Board Meeting held on January 31, 2011.

8. Subsidiary companies

The Company does not have any material non-listed Indian subsidiary company whose turnover or net worth (i.e., paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

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

Copies of the Minutes of the Board Meetings of the unlisted subsidiary companies were placed at the Board Meetings of the Company held during the year.

The Board of Directors of the Company, reviewed periodically, the statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

9. General Body Meetings

(i) Location and time of the General Meetings held during the last 3 years are as follows:

Year	Meeting	Location	Date	Time
2007-08	Sixteenth AGM	Hotel Taj Residency Akota Gardens, Akota Vadodara - 390 020.	June 6, 2008	10.15 A.M.
2008-09	Seventeenth AGM	The Gateway Hotel Akota Gardens, Akota Vadodara – 390 020.	September 11, 2009	10.15 A.M.
2009-10	Eighteenth AGM	Prof. Chandravadan Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara – 390 002.	September 24, 2010	10.30 A.M.

(ii) Special Resolutions passed during the last three years:

- a) At the Sixteenth Annual General Meeting:
 1. Alteration of Clause V of the Memorandum of Association and Clause 4 of the Articles of Association of the Company, for re-classification of Authorized Share Capital of the Company.
 2. Re-appointment of Mr. Sudhir V. Valia, Whole-time Director and approval of terms and conditions of appointment including remuneration.
 3. Re-appointment of Mr. Sailesh T. Desai, Whole-time Director and approval of terms and conditions of appointment including remuneration.
 4. Appointment of Mr. Aalok D. Shanghvi, relative of a Director to hold an office or place of profit under Section 314 of the Companies Act, 1956 and increase in upper limit of remuneration upto a maximum of ₹ 20,00,000/- per annum from April 1, 2009 for a period of five years.
- b) At the Seventeenth Annual General Meeting:

Appointment of Ms. Khyati S. Valia, relative of a Director to hold an office or place of profit under Section 314 of the Companies Act, 1956 and increase in upper limit of remuneration upto a maximum of ₹ 20,00,000/- per annum from April 1, 2010 for a period of five years.
- c) At the Eighteenth Annual General Meeting:

Appointment of Mr. S. Kalyanasundaram as the Chief Executive Officer (CEO) & Whole-time Director of the Company for a period of five years effective from April 1, 2010 to March 31, 2015 and remuneration payable to him.

(iii) Postal Ballot

During the year, Postal Ballot was conducted to obtain the approval of shareholders by way of an ordinary and special resolutions for sub-division of face value of equity shares from ₹ 5/- each into 5 Equity Shares of ₹ 1/- each and alteration of the Memorandum of Association of the Company and alteration of the Articles of Association of the Company under Section 94 and other applicable provisions & Section 31 and other applicable provisions respectively which was also simultaneously conducted by way of e-voting and our Company became the first Company to offer e-voting facility to its shareholders through CDSL Ventures Ltd.

Mr. Umesh Lakhani of Messrs. S.H.Bathiya & Associates, Chartered Accountants, Mumbai, was appointed as the Scrutinizer for conducting the postal ballot process and based on his report, the results were announced on November 12, 2010. The communication regarding the same was issued to the Stock Exchanges, an advertisement was released in Newspapers on November 16, 2010 and the information was also made available on the Company's website. The Equity Shares were sub-divided on November 29, 2010 based on the Record Date of November 26, 2010.

Details of the Resolutions passed under the Postal Ballot are as follows:

Resolution No.1

Description:

Ordinary Resolution for sub-division of Equity Shares of the Company from face value of ₹ 5/- each into 5 Equity Shares of ₹ 1/- each and consequent alteration of the Memorandum of Association of the Company.

Voting Pattern:

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	161,395,356	99.63
Votes not in favour	488,032	0.30
Invalid Votes	112,043	0.07
Total	161,995,431	100.00

Resolution No.2

Description:

Special Resolution for alteration of the Articles of Association of the Company consequent to the sub-division of the equity shares of the Company from face value of ₹ 5/- each into 5 Equity Shares of ₹ 1/- each

Voting Pattern:

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	161,372,288	99.62
Votes not in favour	488,477	0.30
Invalid Votes	134,387	0.08
Total	161,995,152	100.00

10. Disclosures

- * No transaction of a material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transaction with the related parties are disclosed in the Annexure A attached to the Annual Accounts.
- * There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last 3 financial years.

Corporate Governance

- * In the preparation of the financial statements, the Company has followed the Accounting Standards as notified by Companies (Accounting Standard) Rules, 2006.
- * The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which are periodically reviewed to ensure that risk control is exercised by the management effectively.
- * During the year under review, the Company has not raised funds through any public, rights or preferential issue.
- * Adoption/ Non Adoption of the Non- mandatory requirements :
 - (i) The Company has not fixed a period of nine years as the tenure of Independent Directors on the Board of the Company.
 - (ii) The Company has not formed a remuneration committee of its Board of Directors.
 - (iii) The Company does not send half-yearly financial results to the household of each shareholder as the same are published in the newspapers and also posted on the website of the Company and the websites of the BSE and NSE.
 - (iv) The Company's Board comprise of perfect mix of Executive and Non Executive Independent Directors who are Company Executives and Professionals having in depth knowledge of pharmaceutical industry and/ or expertise in their area of specialisation.
 - (v) The Company's Board of Directors endeavor to keep themselves updated with changes in global economy and legislation. They attend various workshops and seminars to keep themselves abreast with the changes in business environment.
 - (vi) At present the Company does not have a mechanism for evaluating its Non-Executive Directors by peer group.
 - (vii) The Company has not adopted whistle blower policy. However, the Company has not denied access to any employee to approach the management on any issue. The Company has adopted a Code of Conduct for its Board of Directors and senior management which contains the requirements of the Whistle Blower Policy.

11. Means of Communication

- * **Website:** The Company's website www.sunpharma.com contains a separate dedicated section 'INVESTOR' where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable form. Apart from this, official news releases, detailed presentations made to media, analysts etc., and the transcript of the conference calls are also displayed on the Company's website.
- * **Financial Results:** The annual, half-yearly and quarterly results are regularly posted by the Company on its website www.sunpharma.com. These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in leading newspapers like 'The Economic Times', 'Business Standard' and Gujarati Edition of 'Financial Express'.
- * **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.
- * **Chairman's Communique:** The Chairman's Speech is placed on the website of the Company.
- * **Reminder to Investors:** Reminders for unpaid dividend or redemption amount on preference shares are sent to shareholders as per records every year.
- * **Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by the listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal. Hard copies of the said disclosures and correspondence are also filed with the Exchanges. Announcements, Quarterly Results, Shareholding Pattern etc. of the Company regularly filed by the Company, are also available on the website of The Bombay Stock Exchange Ltd. - www.bseindia.com, National Stock Exchange of India Ltd. - www.nseindia.com, and Corporate Filing & Dissemination System website - www.corpfiling.co.in.

12. General Shareholder Information

12.1	Annual General Meeting:		
	Date and Time	Friday, September 16, 2011, at 10.30 a.m.	
	Venue	General Education Centre, Prof. Chandravadan Mehta Auditorium The Maharaja Sayajirao University of Baroda,Pratapgunj, Vadodara-390002, Gujarat	
12.2	Financial Calendar (tentative)		Results for quarter ending June 30, 2011 - Last week of July 2011. Results for quarter ending September 30, 2011 – Second week of November 2011. Results for quarter ending December 31, 2011 – Last week of January 2012 . Audited Results for year ended March 31, 2012 – 3rd or 4th week of May 2012.
12.3	Details of Book Closure For Equity Shareholders:		From Tuesday, September 6, 2011 to Friday, September 16, 2011 (both days inclusive).
12.4	Dividend Payment Date :		On or after September 20, 2011
12.5	(i)	Listing of Equity Shares on Stock Exchanges :	At The Bombay Stock Exchange Ltd., (BSE) and The National Stock Exchange of India Ltd. (NSE).
	(ii)	Payment of Listing Fee:	Listing Fees for the year ended 2011-12 have been paid to The Bombay Stock Exchange Ltd., and The National Stock Exchange of India Ltd, where the Company's Equity Shares continue to be listed.
12.6	Stock Code:		
	Equity Shares		
	(a)	Trading Symbol The Bombay Stock Exchange Ltd., (Demat Segment):	SUN PHARMA 524715
		Trading Symbol National Stock Exchange (Demat Segment):	SUNPHARMA
	(b)	Demat ISIN Numbers in NSDL and CDSL for Equity Shares of ₹ 1/- each	ISIN No. INE044A01036

12.7 Stock Market Data

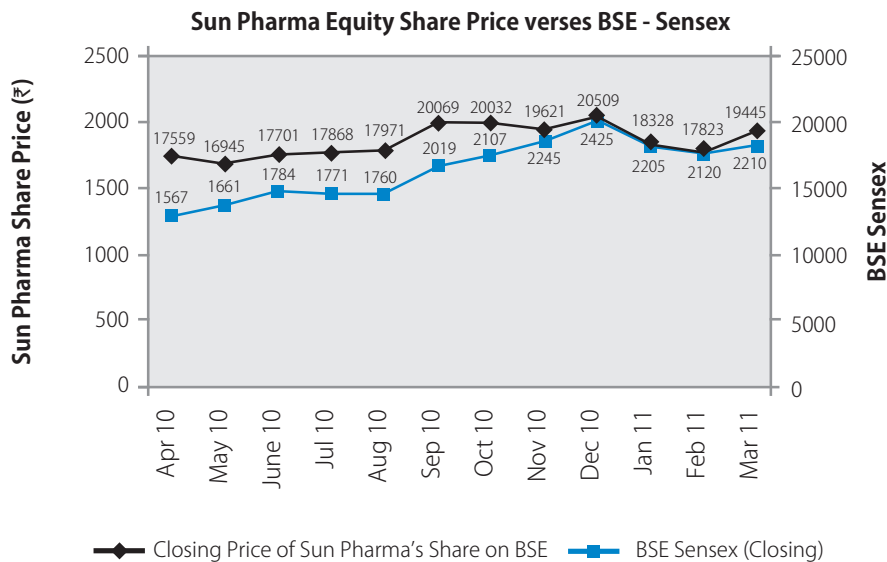
Equity Shares:

	Bombay Stock Exchange Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2010	1,846.00*	1,559.00*	1,853.00*	1,511.00*
May 2010	1,674.80*	1,515.10*	1,674.00*	1,516.00*
June 2010	1,825.00*	1,644.40*	1,825.00*	1,651.30*
July 2010	1,841.20*	1,692.50*	1,840.00*	1,697.30*
August 2010	1,814.95*	1,705.50*	1,857.00*	1,700.05*
September 2010	2,033.90*	1,717.00*	2,034.75*	1,715.00*
October 2010	2,154.90*	2,019.25*	2,157.00*	2,010.00*
November 2010	2,380.00*	428.60+	2,383.95*	429.75+
December 2010	489.30+	424.20+	489.60+	423.00+
January 2011	511.45+	429.05+	511.75+	428.05+
February 2011	448.00+	392.05+	446.85+	393.15+
March 2011	465.00+	411.00+	469.70+	410.15+

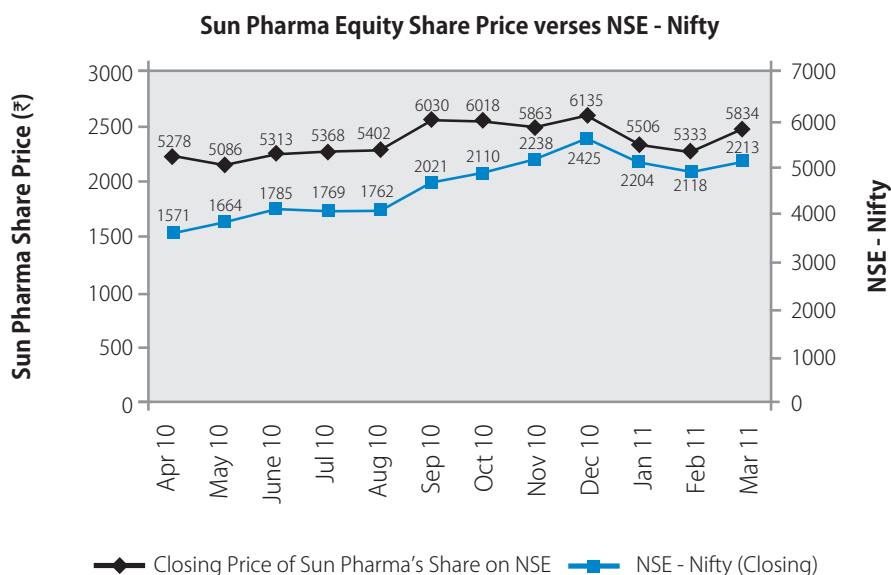
(Source: BSE and NSE website)

* For ₹ 5/- paid-up value

+ For ₹ 1/- paid-up value



Note: For comparison purposes, the closing price of equity share of FV of ₹ 1/- each of our Company has been multiplied by factor 5 for the months November, 2010 to March, 2011 to fall in line with the closing price of equity share of FV of ₹ 5/- each for the months April to October, 2010.



Note: For comparison purposes, the closing price of equity share of FV of ₹ 1/- each of our Company has been multiplied by factor 5 for the months November, 2010 to March, 2011 to fall in line with the closing price of equity share of FV of ₹ 5/- each for the months April to October, 2010

12.8 Share price performance in comparison to broad-based indices – BSE Sensex and NSE Nifty.

Share price performance relative to BSE Sensex based on share price on March 31, 2011.

Period	% Change in		
	Sun Pharma Share Price	Bse Sensex	Sun Pharma Relative to Sensex
Year-on-Year	23.44%	10.94%	12.05%
2 Years	98.59%	100.29%	-1.70%
3 Years	79.39%	24.29%	55.10%
5 Years	154.96%	72.39%	82.57%

Share price performance relative to Nifty based on share price on March 31, 2011.

Period	% Change in		
	Sun Pharma Share Price	Nifty	Sun Pharma Relative to Nifty
Year-on-Year	23.47%	11.14%	12.33%
2 Years	99.06%	93.11%	5.95%
3 Years	79.97%	23.22%	56.75%
5 Years	157.40%	71.45%	85.95%

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

12.9 Registrars & Transfer Agent

(Share transfer and communication regarding share certificates, dividends and change of address)	Mr. N. Mahadevan Iyer, Link Intime India Pvt. Ltd. C-13, Kantilal Maganlal Estate Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai – 400 078. E-Mail: sunpharma@linkintime.co.in rnt.helpdesk@linkintime.co.in Tel: 022-25946970, Fax : 022- 25946969
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12.10 Share Transfer System

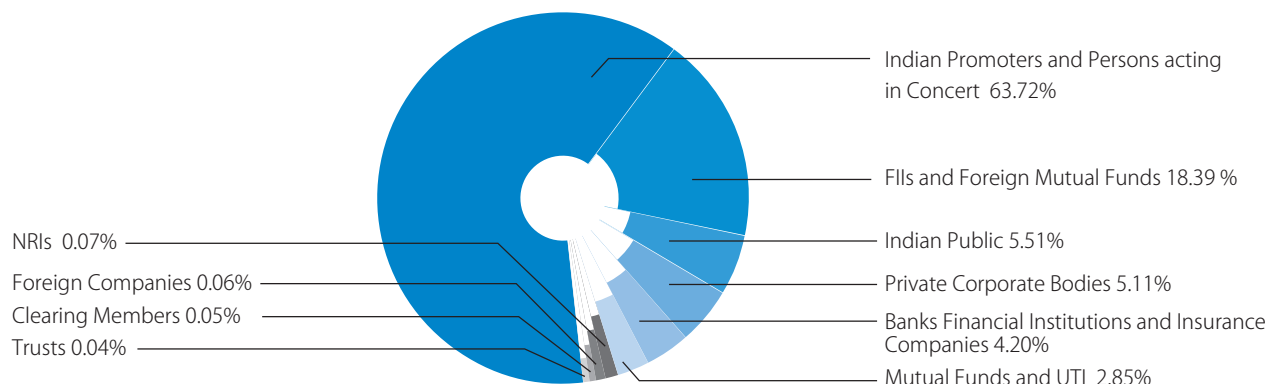
Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share Transfer Agents and the share certificates are returned within a period of 15 to 16 days from the date of receipt, subject to the documents being valid and complete in all respects.

12.11 Distribution of Shareholding as on March 31, 2011

No. of Equity Shares held	No. of Accounts		Shares of face value ₹ 1/- each	
	Numbers	% to total accounts	Number	% to total shares
Upto 5000	69098	95.77	21622851	2.09
5001 - 10000	2059	2.85	12846430	1.24
10001 - 20000	321	0.44	4553476	0.44
20001 - 30000	123	0.17	3125615	0.30
30001 - 40000	70	0.10	2472707	0.24
40001 - 50000	42	0.06	1940745	0.19
50001 - 100000	97	0.13	6939259	0.67
100001 and above	343	0.48	982080872	94.83
Total	72153	100.00	1035581955	100.00

12.12 (a) Shareholding Pattern as on March 31, 2011 of Equity Shares as per Clause 35 of the Listing Agreement

Particulars		Percentage	No. of Shares
A.	Indian Promoters and Persons acting in Concert	63.72%	659,828,200
B.	Mutual Funds and UTI	2.85 %	29,492,245
C.	Banks Financial Institutions and Insurance Companies	4.20 %	43,558,538
D.	FII's and Foreign Mutual Funds	18.39 %	190,403,388
E.	Private Corporate Bodies	5.11 %	52,888,652
F.	Indian Public	5.51 %	57,092,796
G.	NRIs	0.07 %	768,755
H.	Clearing Members	0.05 %	490,292
I.	Foreign Companies	0.06 %	646,450
J.	Trusts	0.04 %	412,639
	Total	100.00 %	1035,581,955



12.13 Dematerialisation of Shares

About 99.15% of the outstanding Equity shares have been de-materialised up to March 31, 2011. Trading in Shares of the Company is permitted only in de-materialised form w.e.f. November 29, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

Liquidity:

Your Company's equity shares are fairly liquid and are actively traded on National Stock Exchange of India Ltd., (NSE) and The Bombay Stock Exchange Ltd. (BSE) Relevant data for the **average daily turnover** for the financial year 2010-2011 is given below:

	NSE		BSE		NSE + BSE		
	Before split up of Equity Shares	After split up of Equity Shares	Before split up of Equity Shares	After split up of Equity Shares	Before split up of Equity Shares	After split up of Equity Shares	Combined effect for ₹ 1/- Equity Shares
In no. of share (in Thousands)	191.893	983.323	23.955	109.014	215.848*	1092.337	2171.577
In value terms (₹ Millions)	344.936	438.306	43.195	48.639	388.131	486.945	875.076

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

*To have a combined effect for face value of ₹ 1 /- of Equity Shares, the figure as shown under this column has been multiplied by a factor of five and added.

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

The Company has not issued any GDRs/ ADRs / warrants or any other convertible instruments during the year and there are no FCCBs outstanding as at March 31, 2011.

12.15 Plant locations:

1. Plot No.214 and 20, Govt. Industrial Area, Phase-II, Piparia, Silvassa – 396 230.
2. Plot No.223, Span Industrial Complex, Near R.T.O. Check Post, Dadra – 396 191 (U.T)
3. Plot No.25 and No.24/2,GIDC, Phase- IV,Panoli – 395 116, Dist. Bharuch(Guj.).
4. A-7 & A-8, MIDC Industrial Area, Ahmednagar – 414 111, Maharashtra.
5. Plot No. 4708, GIDC, Ankleshwar – 393 002, Gujarat.
6. Sathammai Village, Karunkuzhi Post, Maduranthakam T.K. Kanchipuram Dist. Tamilnadu – 603 303.
7. Halol-Baroda Highway, Halol, Gujarat – 389350.
8. Plot No. 817/A, Karkhadi – 391 450, Taluka: Padra, Dist. Vadodara, Gujarat.

Corporate Governance

12.16	Investor Correspondence	For Shares held in Physical Form
(a)	For transfer/dematerialisation of Shares, payment of dividend on Shares, and any other query relating to the shares of the Company	Mr. N. Mahadevan Iyer Link Intime India Pvt. Ltd. C-13, Kantilal Maganlal Estate Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai – 400 078. E-Mail: sunpharma@linkintime.co.in rnt.helpdesk@linkintime.co.in Tel: 022-25946970-, Fax : 022- 25946969
		For Shares held in Demat Form
		To the Depository Participant.
(b)	E-mail id designated by the Company for Investor Complaints	secretarial@sunpharma.com
(c)	Any query on Annual Report	Mr.Sunil R. Ajmera/ Mr.Ashok I. Bhuta/ Mr. Uday Baldota / Ms. Mira Desai, 17-B, Mahal Industrial Estate Mahakali Caves Road Andheri (East), Mumbai – 400 093. sunil.ajmera@sunpharma.com ashok.bhuta@sunpharma.com uday.baldota@sunpharma.com mira.desai@sunpharma.com secretarial@sunpharma.com

For and on behalf of the Board

DILIP S. SHANGHVI

Chairman & Managing Director

SUDHIR V. VALIA

Whole-time Director

SAILESH T. DESAI

Whole-time Director

Place: Mumbai,

Date: May 28, 2011

S.KALYANASUNDARAM

Whole-time Director & CEO

ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2011

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

For Sun Pharmaceutical Industries Ltd.,

Dilip S. Shanghvi

Chairman & Managing Director

Date: May 28, 2011.

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To The Members of
Sun Pharmaceutical Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Sun Pharmaceutical Industries Limited ("the Company"), for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with relevant stock exchanges (hereinafter referred to as Clause 49).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in Clause 49.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No.117366W)

Rajesh K. Hiranandani

Partner

(Membership No.36920)

MUMBAI, May 28, 2011



AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of SUN PHARMACEUTICAL INDUSTRIES LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements/ consolidated financial statements in respect of certain subsidiary groups, and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any of the 54 subsidiaries and also 2 of the partnership firms (listed in Note B1 on Schedule 20), whose financial statements reflect total assets of ₹ 50,497.4 Million as at 31st March, 2011, total revenues of ₹ 28,486.5 Million and net cash outflows amounting to ₹ 260.6 Million for the year ended on that date as considered in the Consolidated Financial Statements, comprising:
 - a. Total assets of ₹ 23,453.1 Million as at 31st March, 2011, total revenues of ₹ 17,205.6 Million and net cash outflows amounting to ₹ 331.9 Million for the year ended on that date in respect of 24 subsidiaries and 2 partnership firms, whose financial statements have been audited by other auditors and their reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and partnership firms is based solely on the reports of the other auditors.
 - b. Total assets of ₹ 25,670.9 Million as at 31st March, 2011, total revenues of ₹ 9,946.3 Million and net cash inflows amounting to ₹ 61.1 Million for the period from 20th September, 2010 (date of acquisition) to 31st March, 2011 in respect of a subsidiary group comprising of 21 subsidiaries, whose reporting date of 31st December, 2010 is different from the reporting date of the Company and the consolidated financial statements have been audited by other auditors. In terms of Accounting Standard 21, Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006 ("Accounting Standard 21"), adjustments have been made for significant transactions of the subsidiary group for the period from 1st January, 2011 to 31st March, 2011 on the basis of the report of their auditors. Our opinion in so far as it relates to the amounts included in respect of this subsidiary group is based solely on the reports of the other auditors furnished to us.
 Total assets of ₹ 1,369.3 Million as at 31st March, 2011, total revenues of ₹ 1,334.6 Million and net cash inflows amounting to ₹ 8.8 Million for the year ended on that date in respect of 6 subsidiaries, whose reporting date is also of 31st December, 2010 and different from the reporting date of the Company and the financial statements have been audited by other auditors. In terms of Accounting Standard 21, adjustments have been made for significant transactions of these subsidiaries for the periods from 1st January, 2011 to 31st March, 2011 and 1st January, 2010 to 31st March, 2010, on the basis of their management accounts for the said periods. Our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors furnished to us and the management accounts as aforesaid.
 - c. Total assets of ₹ 4.1 Million as at 31st March, 2011, total revenues of ₹ Nil and net cash inflows amounting to ₹ 1.4 Million for the year ended on that date in respect of 3 subsidiaries, whose financial statements have not been audited.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate Auditors' Reports on individual financial statements of the Company and its aforesaid subsidiaries/consolidated financial statements in respect of certain subsidiary groups, and to the best of our information and according to the explanations given to us, in our opinion, read with our comments in paragraphs 3(b) and 3(c) above, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - ii. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2011

Schedule	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	1,035.6	1,035.6	
Reserves and Surplus	2	93,797.6	77,253.5	78,289.1
				1,931.9
Minority Interest				
Loan Funds				
Secured Loans	3	1,804.3	1,003.5	
Unsecured Loans	4	2,451.5	708.0	1,711.5
Deferred Tax Liability (Net)	5 (a)		1,348.3	1,209.1
Total		108,908.8		83,141.6
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	6	45,520.1	23,340.4	
Less: Depreciation/Amortisation/Impairment		20,286.1	8,012.5	
Net Block		25,234.0	15,327.9	
Capital Work-in-Progress (including advances on capital account)		2,706.3	1,448.2	16,776.1
Goodwill on Consolidation (Refer note B.6 of schedule 20)			7,719.7	4,060.3
Investments	7		22,309.6	31,663.8
Deferred Tax Assets (Net)	5 (b)		5,000.6	2,099.5
Current Assets, Loans and Advances				
Inventories	8	14,793.9	10,738.5	
Sundry Debtors	9	11,715.9	11,747.7	
Cash and Bank Balances	10	21,936.4	5,088.9	
Other Current Assets	11	445.1	57.9	
Loans and Advances	12	11,280.8	8,488.1	
		60,172.1	36,121.1	
Less: Current Liabilities and Provisions	13			
Current Liabilities		9,203.2	4,095.1	
Provisions		5,030.3	3,484.1	
		14,233.5	7,579.2	
Net Current Assets			45,938.6	28,541.9
Total		108,908.8		83,141.6
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS				
Schedules referred to herein form an integral part of the Financial Statements.	20			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner

Mumbai, 28th May, 2011

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

S. KALYANASUNDARAM
Wholetime Director & CEO

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

SUNIL R. AJMERA
Company Secretary

Mumbai, 28th May, 2011



CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2011

Schedule	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
INCOME				
Income from Operations				
Gross Sales	58,065.8		38,861.4	
Less : Excise Duty	851.5		775.1	
Net Sales	57,214.3		38,086.3	
Other Operating Income	14	—	1,988.2	
	57,214.3		40,074.5	
Other Income	15	2,698.8	2,048.2	42,122.7
EXPENDITURE				
Cost of Materials / Goods	16	14,606.9	10,977.3	
Personnel Cost	17	6,728.9	4,007.9	
Operating and Other Expenses	18	13,318.6	9,372.9	
Research and Development Expenditure	19	2,860.0	2,083.1	
Depreciation / Amortisation / Impairment		2,040.6	1,533.1	27,974.3
		39,555.0	1,533.1	
PROFIT BEFORE TAXATION				
Provision for Taxation - Current Tax		851.2	1,106.4	14,148.4
- Deferred Tax Charge / (Credit) (Net)		433.2	(427.8)	678.6
		1,284.4		
PROFIT AFTER TAX				
Minority Interest		19,073.7		13,469.8
		913.1		(41.0)
PROFIT FOR THE YEAR AFTER TAX AND MINORITY INTEREST				
		18,160.6		13,510.8
BALANCE OF PROFIT BROUGHT FORWARD				
		38,211.7		31,021.8
AMOUNT AVAILABLE FOR APPROPRIATIONS				
		56,372.3		44,532.6
APPROPRIATIONS				
Proposed Dividend		3,624.5	2,847.9	
Corporate Dividend Tax		588.0	473.0	3,320.9
Transfer to General Reserve		5,000.0		3,000.0
BALANCE OF PROFIT CARRIED TO BALANCE SHEET				
		47,159.8		38,211.7
EARNINGS PER SHARE (refer note B.8 of Schedule 20)				
Basic & Diluted (₹)		17.5		13.0
Face value per Equity share - ₹1				
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS				
20				
Schedules referred to herein form an integral part of the Financial Statements.				

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner

DILIP S. SHANGHVI
Chairman & Managing Director

S. KALYANASUNDARAM
Wholetime Director & CEO

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

SUNIL R. AJMERA
Company Secretary

Mumbai, 28th May, 2011

Mumbai, 28th May, 2011

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
A Cash Flow From Operating Activities:		
Net Profit Before Tax	20,358.1	14,148.4
Adjustments for:		
Depreciation / Amortisation / Impairment	2,040.6	1,533.1
Interest Expense	577.3	61.5
Interest Income	(1,918.9)	(1,200.4)
Dividend Income (₹ 2,820)	(0.0)	(0.1)
Loss on Fixed Assets Sold (net)	14.3	60.3
Profit on sale of Investments	(427.5)	(73.3)
Provision for Doubtful Debts	12.9	21.2
Sundry Balances / Bad Debts written off / back (net)	(10.0)	(18.4)
Provision for employee benefits	654.6	64.1
Unrealised Foreign Exchange Loss	(1,812.0)	(684.0)
Operating Profit Before Working Capital Changes	19,489.4	13,912.4
Adjustments for Changes In Working Capital:		
Decrease / (Increase) in Sundry Debtors	3,475.1	(3,057.1)
Decrease / (Increase) in Other Receivables	902.0	(707.9)
Increase in Inventories	(712.6)	(981.5)
Increase in Trade and Other Payables	1,817.0	390.2
Cash Generated From Operations	24,970.9	9,556.1
Taxes Paid	(1,076.8)	(1,744.8)
Net Cash Generated From Operating Activities	23,894.1	7,811.3
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets and Capital Work in Progress (including Capital Advance)	(4,453.7)	(2,841.3)
Proceeds From Sale of Fixed Assets	283.8	89.3
Proceeds From Sale of Investments	126,427.0	153,969.6
Purchase of Investments	(123,198.1)	(165,746.5)
Margin Money and Fixed Deposit with Banks	(14,789.8)	11,782.5
Short Term Loans / Inter Corporate Deposits received back / (given) (net)	(2,596.6)	(168.0)
Acquisition of Subsidiaries	(4,689.3)	(806.9)
Interest Received	1,531.7	1,583.8
Dividend Received (₹ 2,820)	0.0	0.1
Net Cash Used in Investing Activities	(21,485.0)	(2,137.4)



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
C. Cash Flow From Financing Activities:		
Long Term Loan Taken / (Repaid)	(2,204.0)	256.2
Short Term Loan Taken / (Repaid)	2.3	(6.9)
Proceeds from / (Payment to) Minority	(69.2)	2.5
Interest Paid	(577.3)	(61.5)
Borrowing from banks Received / (Repaid)	(1,585.0)	(326.7)
Dividend Paid	(2,841.0)	(2,843.9)
Corporate Dividend Tax Paid	(473.0)	(484.0)
Net Cash Used in Financing Activities	(7,747.2)	(3,464.3)
Net (Decrease) / Increase in Cash and Cash Equivalents	(5,338.1)	2,209.6
Cash and Bank balance taken over on acquisition of Subsidiaries	5,473.9	—
Cash and Cash Equivalents as at the beginning of the year	6,722.0	4512.4
Cash and Cash Equivalents as at the year end	6,857.8	6,722.0
Cash and Cash Equivalents Comprise:		
Cash and Cheques in hand and balances with Scheduled / Other banks (Refer Schedule 10 to the Financial Statements)	21,936.4	5,088.9
Add : Investment in Certificate of Deposit having maturity less than 3 Months	—	1,941.6
Less : Margin Money Deposit / Fixed deposit having maturity more than 3 Months	15,067.9	278.1
Unrealised exchange (Gain) / Loss	(10.7)	(30.4)
Cash and Cash Equivalents as restated as at the year end	6,857.8	6,722.0

Notes:

- Cash and cash equivalents includes ₹ 28.5 Million (Previous Year ₹ 22.2 Million) on account of Unclaimed dividend, which are not available for use by the Company.
- Previous years' figures are regrouped / reclassified wherever necessary in order to confirm to current years' groupings and classifications.

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

RAJESH K. HIRANANDANI
Partner

DILIP S. SHANGHVI
Chairman & Managing Director

S. KALYANASUNDARAM
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SAILESH T. DESAI
Wholetime Director

SUNIL R. AJMERA
Company Secretary

Mumbai, 28th May, 2011

Mumbai, 28th May, 2011

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 1 : SHARE CAPITAL				
Authorised				
1,500,000,000 Equity Shares of ₹ 1/- each (Previous Year 300,000,000 Equity Shares of ₹ 5 each)		1,500.0		1,500.0
		1,500.0		1,500.0
Issued, Subscribed and Paid Up				
1,035,581,955 Equity Shares of ₹ 1 each (Previous Year 207,116,391 Equity Shares of ₹ 5 each) fully paid-up.		1,035.6		1,035.6
		1,035.6		1,035.6
Notes:				
Of the above :				
1) 808,150,050 Equity shares allotted as fully paid Bonus Shares by capitalisation of Securities Premium Account, Profit and Loss Account, Amalgamation Reserve and Capital Redemption Reserve Account.				
2) 4,136,330; 2,080,000; 4,775,810; 114,380; 185,190; 197,710 and 21,370 Equity Shares fully paid allotted to the shareholders of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd, Milmet Laboratories Pvt. Ltd, Gujarat Lyka Organics Ltd, Sun Pharmaceutical Exports Ltd, Pradeep Drug Company Ltd, M.J.Pharmaceuticals Ltd. and Phlox Pharmaceuticals Ltd. respectively, pursuant to Schemes of Amalgamations, without payment being received in cash.				
3) 108,003,805 Equity Shares allotted to the holders of Zero Coupon Foreign Currency Convertible Bond on exercise of conversion option.				
4) With effect from 27th November, 2010, one equity share of ₹ 5 each fully paid-up was split into five equity shares of ₹ 1 each fully paid-up.				
SCHEDULE 2 : RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet		259.1		259.1
Securities Premium Account				
As per last Balance Sheet		15,099.1		15,099.1
Capital Redemption Reserve				
As per last Balance Sheet		154.5		154.5
General Reserve				
As per last Balance Sheet	20,444.3		17,444.3	
Add : Share in post acquisition profits of Taro Pharmaceutical industries Ltd Group (Taro), relating to step-by-step acquisition prior to date of acquisition of control.	3,076.9		—	
Add : Transferred from Profit and Loss Account	5,000.0	28,521.2	3,000.0	20,444.3
Foreign Currency Translation Reserve on Consolidation				
As per last Balance Sheet	3,084.8		5,434.8	
Add/(Less) : Movement During the Year	(480.9)	2,603.9	(2,350.0)	3,084.8
Surplus as per Profit and Loss Account		47,159.8		38,211.7
		93,797.6		77,253.5

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 3 : SECURED LOANS (Refer Note B.7 of Schedule 20)				
Short Term Loan from Banks		1,280.6		695.2
Cash Credit Facility from Banks		523.7		308.3
		1,804.3		1,003.5
SCHEDULE 4 : UNSECURED LOANS				
Long Term				
Debenture (5.8% Interest Plus CPI, maturing in 2014)		1,902.9		—
Other than bank Loans		145.8		459.4
Short Term				
From Banks	340.0		217.1	
Cash Credit Facility from Banks	54.5		25.5	
Others	8.3	402.8	6.0	248.6
		2,451.5		708.0
SCHEDULE 5: DEFERRED TAX BALANCES (Refer Note B.21 of Schedule 20)				
(a) Deferred Tax Liabilities (Net)				
(i) Depreciation on Fixed Assets		1,411.3		1,302.8
(ii) Unpaid Liabilities		(43.6)		(69.2)
(iii) Others		(19.4)		(24.5)
		1,348.3		1,209.1
(b) Deferred Tax Assets (Net)*				
(i) Depreciation on Fixed Assets		(346.4)		(231.6)
(ii) Unpaid Liabilities		1,763.0		—
(iii) Unabsorbed Loss		1,857.3		1,021.4
(iv) Intangibles		973.5		1,078.8
(v) Others		753.2		230.9
		5,000.6		2,099.5

* Includes ₹ 3193.7 Million (Previous Year ₹ Nil) taken over on acquisition of Taro

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

SCHEDULE 6 : FIXED ASSETS

₹ in Million

Particulars	Gross Block (At Cost)						Depreciation / Amortisation / Impairment						Net Block		
	As At 01.04.10	Consoli- dation Adjust- ment	Taken over on acqui- sition (d)	Addi- tions 10-11	Deletions/ Adjust- ment 10-11	As at 31.03.11	As at 01.04.10	Consoli- dation Adjust- ment	Taken over on acqui- sition (d)	For the year 10-11	Deletions/ Adjust- ment 10-11	As at 31.03.11	As at 31.03.11	As at 31.03.10	
I. TANGIBLE ASSETS															
Freehold Land	138.7	1.4	460.5	9.1	—	609.7	—	—	—	—	—	—	609.7	138.7	
Leasehold Land	76.7	—	854.1	64.2	48.7	946.3	4.7	—	63.1	0.8	0.9	67.7	878.6	720	
Buildings	5,975.0	48.9	6,222.4	792.9	119.5	12,919.7 (a)	1,127.5	15.1	1,599.5	361.1	47.2	3,056.0	9,863.7	4,847.5	
Plant and Machinery	13,988.0	35.5	7,994.2	1,790.9	285.0	23,523.6	5,812.8	27.6	6,136.2	1,201.0	1,440	13,033.6(b)	10,490.0	8,175.2	
Vehicles	217.0	2.0	14.7	62.2	35.3	260.6	78.6	2.4	13.1	26.5	11.6	109.0	151.6	138.4	
Furniture and Fixtures	484.8	1.7	399.1	37.4	11.8	911.2	214.9	1.1	309.8	34.6	9.1	551.3(b)	359.9	269.9	
Sub-Total I	20,880.2	89.5	15,945.0	2,756.7	500.3	39,171.1	7,238.5	46.2	8,121.7	1,624.0	212.8	16,817.6	22,353.5	13,641.7	
II. INTANGIBLE ASSETS															
Trademarks, Designs and Other Intangible Assets	2,460.2	(5.7)	3,379.7	569.9	55.1	6,349.0	774.0	(5.0)	2,327.4	416.6	44.5	3,468.5(b)	2,880.5	1,686.2	
Sub-Total II	2,460.2	(5.7)	3,379.7	569.9	55.1	6,349.0	774.0	(5.0)	2,327.4	416.6	44.5	3,468.5	2,880.5	1,686.2	
TOTAL I + II	23,340.4	83.8	19,324.7	3,326.6	555.4	45,520.1	8,012.5	41.2	10,449.1	2,040.6	257.3	20,286.1	25,234.0	15,327.9	
Previous Year	21,476.1	(703.5)	—	2,955.8	388.0	23,340.4	6,850.7	(132.9)	—	1,533.1 (b)	238.4	8,012.5	15,327.9		
													Capital Work-in-Progress (including advances on capital account) (c)	2,706.3	1,448.2
														27,940.3	16,776.1

NOTES:

- (a) Buildings include ₹ 8,620 (Previous Year ₹ 8,620) towards cost of shares in a Co-operative Housing Society.
- (b) Includes Impairment of ₹ 30.8 Million (Previous Year ₹ 30.8 Million) including ₹ Nil (Previous Year ₹ 30.8 Million) on account of Impairment for the year.
- (c) Capital work-in-progress (including advances on Capital Account) includes ₹ 2.66 Million (Previous Year ₹ 4.4 Million) on account of preoperative expenses.
- (d) Represents assets and accumulated depreciation of TARO which became subsidiary during the year. Also refer note no. B.22 to Schedule 20.

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 7 : INVESTMENTS				
A. LONG TERM INVESTMENTS (At Cost)				
Quoted				
i) Equity Shares		1,096.6		5,885.1
ii) Bonds		52.1		52.5
iii) Zero Percent-Notes		1,038.9		1,135.8
iv) Debentures		722.5		1,409.7
Unquoted				
i) Government Securities		164.0		0.0
ii) Equity Shares		152.9		148.9
iii) Bonds		5.0		5.0
iv) Debentures		250.0		—
v) Passthrough Certificates		503.3		500.0
vi) Deposits		2,258.0		1,240.0
vii) Mutual Funds		14,971.1		4,466.1
Total (A)		21,214.4		14,843.1
B. CURRENT INVESTMENTS				
i) Certificate of Deposits (Quoted)		445.2		1,941.6
ii) Mutual Funds (Unquoted)		650.0		14,879.1
Total (B)		1,095.2		16,820.7
Total (A+B)		22,309.6		31,663.8
AGGREGATE VALUE OF INVESTMENTS				
	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE
Quoted	3,355.2	5,808.3	10,424.7	15,557.7
Unquoted	18,954.4		21,239.1	

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 8 : INVENTORIES				
Consumable Stores		321.0		170.5
Stock in Trade				
Raw Materials	5,978.7		5,640.6	
Packing Materials	1,180.2		623.3	
Finished Goods	4,019.8		1,711.4	
Work-in-Progress	3,294.2	14,472.9	2,592.7	10,568.0
		14,793.9		10,738.5

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 9 : SUNDRY DEBTORS (Unsecured-Considered Good, unless stated otherwise)				
Over Six Months				
Considered Good	1,228.7		1,074.6	
Considered Doubtful	78.1	1,306.8	79.6	1,154.2
Other Debts		10,487.2		10,673.1
		11,794.0		11,827.3
Less: Provision for Doubtful Debts		78.1		79.6
		11,715.9		11,747.7
SCHEDULE 10 : CASH AND BANK BALANCES				
Cash / Cheques on hand		6.7		88.7
Balances with Banks				
Scheduled Banks				
Current Accounts	5,551.6		175.2	
Deposit Accounts {Pledged ₹ 33.71 (Previous Year ₹ 12.0) Million}	15,067.9	20,619.5	278.1	453.3
Other Banks				
Current Accounts	1,278.6		4,155.4	
Deposit Accounts	31.6	1,310.2	391.5	4,546.9
		21,936.4		5,088.9
SCHEDULE 11 : OTHER CURRENT ASSETS				
Interest accrued on Investments		445.1		57.9
		445.1		57.9
SCHEDULE 12 : LOANS AND ADVANCES (Unsecured – Considered Good, unless stated otherwise)				
Loan to Employees / Others {Secured Loans ₹ 751.2 Million (Previous Year ₹ 294.0 Million)}				
Considered Good	3,391.6		3,796.5	
Considered Doubtful	9.5		9.5	
	3,401.1		3,806.0	
Less : Provision for Doubtful Advances	9.5	3,391.6	9.5	3,796.5
Advances Recoverable in Cash or in Kind or for Value to be received		2,570.5		659.5
Advances to Suppliers		1,130.2		299.2
Balances with Central Excise and Customs		991.4		871.5
DEPB and Advance Licences		209.5		137.2
Other Deposits		146.4		108.6
Advance Payment of Income Tax (Net of Provision)		2,841.2		2,615.6
		11,280.8		8,488.1

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 13 : CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors				
Due to Micro and Small Enterprises	37.7		19.1	
Others	4,770.6		3,175.3	
Advances from Customers	95.5		284.8	
Security Deposits	21.9		19.3	
Investor Education and Protection Fund shall be credited by				
Unclaimed Dividend (Not Due)	30.4		23.5	
Temporary Overdrawn Bank balance as per Books	7.3		5.2	
Other Liabilities	4,198.6		401.7	
Interest accrued but not due on Loans	41.2	9,203.2	166.2	4,095.1
Provisions				
Provision for Fringe Benefit Tax (Net of Advance Tax on FBT)	0.6		0.6	
Proposed Dividend	3,624.5		2,847.9	
Corporate Dividend Tax	588.0		473.0	
Provision for employee benefits	817.2	5,030.3	162.6	3,484.1
		14,233.5		7,579.2

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 14 : OTHER OPERATING INCOME				
Non-recurring (income) (Refer Note B.14 of Schedule 20)		—		1,988.2
		—		1,988.2
SCHEDULE 15 : OTHER INCOME				
Lease Rental and Hire Charges		47.3		28.3
Interest Income (Net) (Refer Note B.5 of Schedule 20)		1,340.5		1,138.1
Gain on Exchange Fluctuations		376.3		333.7
Profit on Sale of Fixed Assets		2.8		6.5
Profit on Sale of Investments (Net) (Refer Note B.17 of Schedule 20)		427.5		73.3
Sundry Balances Written Back (Net)		0.7		15.7
Insurance Claims		20.4		5.2
Dividend Income - Long Term Investment (₹ 2,820)		0.0		0.1
Miscellaneous Income		483.3		447.3
		2,698.8		2,048.2

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 16 : COST OF MATERIALS / GOODS				
Inventories of Raw & Packing material at the beginning of the year	6,263.9		5,637.7	
Purchases during the year - Raw & Packing Material	13,384.2		10,557.5	
- Finished goods	1,766.8		1,370.4	
Inventories of Raw and Packing Material at the end of the year	(7,158.9)	14,256.0	(6,263.9)	11,301.7
Inventories taken over on acquisition of Taro		3,360.8		—
Inventories of Finished Goods and Work-In-Progress at the beginning of the year	4,304.1		3,979.7	
Inventories of Finished Goods and Work-In-Progress at the end of the year	(7,314.0)		(4,304.1)	
		(3,009.9)		(324.4)
		14,606.9		10,977.3
SCHEDULE 17 : PERSONNEL COST				
Salaries, Wages and Bonus		5,567.1		3,382.0
Contribution to Provident and Other Funds		613.0		411.2
Staff Welfare Expenses		548.8		214.7
		6,728.9		4,007.9
SCHEDULE 18 : OPERATING AND OTHER EXPENSES				
Stores and Spares Consumed		600.1		547.9
Conversion and Other Manufacturing Charges		1,089.7		784.0
Power and Fuel		946.0		919.2
Rent		182.1		137.1
Rates and Taxes		156.5		108.8
Insurance		325.7		271.2
Selling and Distribution		3,414.4		1,670.8
Commission and Discount		1,328.4		497.1
Repairs				
Building	120.7		78.6	
Plant and Machinery	484.7		332.8	
Others	160.3	765.7	158.9	570.3
Printing and Stationery		71.7		54.0
Travelling and Conveyance		278.0		170.5
Overseas Travel and Export Promotion		913.5		735.4
Communication		123.5		71.9
Provision for doubtful Debts / Advances				
Provision for doubtful Debts	12.9		21.2	
Sundry Balances/Bad Debts Written Off (Net)	5.1		6.5	
Less :- Adjusted out of Provision for earlier years	14.4	3.6	5.1	22.6
Professional and Consultancy		2,070.8		1,273.7
Donations		3.3		111.7
Loss on Sale of Fixed Assets		16.5		66.5
Excise Duty on Stock (*)		(2.9)		7.2
Miscellaneous Expenses		1,032.0		1,353.0
		13,318.6		9,372.9

(*) represents the difference between excise duty on opening and closing stock of finished goods.

SCHEDULES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
SCHEDULE 19 : RESEARCH AND DEVELOPMENT EXPENDITURE				
Salaries,Wages and Bonus		1,090.5		731.8
Contribution to Provident and Other Funds		74.2		43.9
Staff Welfare Expenses		102.0		38.5
Material, Stores and Spares Consumed		840.8		747.0
Power and Fuel		22.1		18.7
Rates and Taxes		15.0		4.1
Rent		0.8		4.1
Insurance		34.5		21.4
Repairs				
Building	17.5		6.5	
Plant and Machinery	44.6		51.3	
Others	28.6	90.7	26.3	84.1
Printing and Stationery		14.1		11.9
Travelling and Conveyance		19.7		13.2
Communication		15.9		16.1
Professional and Consultancy		382.9		195.4
Loss on Sale of Fixed Assets		0.6		0.3
Miscellaneous Expenses		385.1		315.7
		3,088.9		2,246.2
Less:				
Interest Income (Refer Note B.5 of Schdule 20)	1.1		0.8	
Receipts from Research activities	188.6		157.7	
Miscellaneous Income	39.2		0.5	
Bad Debts Recovered / Sundry balances written Back	—	228.9	4.1	163.1
		2,860.0		2,083.1

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SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

A SIGNIFICANT ACCOUNTING POLICIES:

1 Basis of Consolidation:

The Consolidated Financial Statements relate to Sun Pharmaceutical Industries Limited ('the Company') and its Subsidiaries (together constitute 'the Group'). The Consolidated Financial Statements have been prepared on the following basis:

- (i) The financial statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006. These financial statements have been prepared using uniform accounting policies for like transactions and other events in the similar circumstances.
- (ii) In case of foreign subsidiaries, being non-integral foreign operations, translation of financial statements for consolidation is done in accordance with the policy stated in Note 10 below.
- (iii) The consolidated financial statements of the Group include financial statements of certain subsidiaries prepared as of a different date from that of the Company's financial statements. Adjustments for effects of significant transactions and events that have occurred between the date of the financial statements of these subsidiaries and the date of the Parent Company's financial statements are made in the consolidated financial statements.
- (iv) The excess of cost of investment in the subsidiaries over the share of equity in the subsidiaries as at the date of making the investment is recognised in the financial statements as Goodwill. Goodwill arising out of consolidation is not amortised. However, the same is tested for impairment at each Balance Sheet date. The excess of share of equity of the subsidiaries over the cost of acquisition of the respective investments as at the date of making the investment is treated as Capital Reserve. For this purpose, share of equity is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.
- (v) Minority Interest in the net assets of Subsidiaries consists of:
 - i. the amount of equity attributable to the minorities at the date on which investment in Subsidiary is made and
 - ii. the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

2 Basis of Accounting

The financial statements have been prepared under historical cost convention on an accrual basis and comply with the Accounting Standards as notified by Companies (Accounting Standards) Rules, 2006.

3 Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the year. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised.

4 Fixed Assets and Depreciation / Amortization

Fixed Assets including Intangible assets are stated at historical cost (Net of cenvat credit) less accumulated depreciation / amortization thereon and impairment losses, if any. Depreciation on tangible assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 except for Caraco Pharmaceutical Laboratories Ltd. (Caraco), Taro Pharmaceutical Industries Ltd. (Taro), Alkaloida Chemical Company Zrt., Sun Farmaceutica Ltda, Sun Pharmaceutical Industries (Australia) Pty. Ltd., Sun Pharmaceutical Industries (Europe) B.V., Sun Pharma Global (FZE), Sun Pharmaceutical Spain, SL., Sun Pharmaceuticals Italia S.R.L., Sun Pharmaceuticals Germany GmbH, Sun Pharmaceuticals France, TKS Farmaceutica Ltda. and Sun Pharmaceutical Industries Inc depreciation is computed using the Straight Line Method over the estimated useful lives of the related assets, which ranges from 3 to 100 years. Assets costing ₹ 5,000 or less are depreciated at 100% on pro-rata basis in the year of Purchase except, in case of Sun Pharmaceutical Spain, SL. where assets costing Euro 601 or less and in case of Sun Pharmaceuticals Italia S.R.L where assets costing Euro 516.46 or less are depreciated at 100% in the year of purchase. Leasehold



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land is amortised over the period of lease. At Taro, Leasehold improvements are depreciated using the straightline method over the shorter of their useful lives or the terms of leases generally 5 - 10 years.

Intangible assets consisting of trademarks, designs, technical know-how, non compete fees and other intangible assets are amortized on Straight Line Method from the date they are available for use, at the rates as estimated by the Management considering the terms of agreement, which ranges from 3 to 20 years.

5 Leases

In case of assets taken on operating lease, the lease rentals are charged to the Profit And Loss Account in accordance with Accounting Standard 19 on leases as notified by the Companies (Accounting Standards) Rules, 2006.

6 Revenue Recognition

Sales of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods. Sales include delayed payment charges, and are stated net of returns, Vat /Sales Tax and provision for chargebacks, Medicaid, rebates, shelf stock adjustments, cash discounts and other sales deductions, made on the basis of management expectation taking into account past experience, customer experience, third-party prescription data, industry and regulatory changes and other relevant information which are revised as necessary.

7 Investments

Investments are classified into Current and Long Term Investments. Current Investments are valued at lower of cost and fair value. Long Term Investments are stated at cost less provision, if any, for other than temporary diminution in their value.

8 Inventories

Inventories consisting of raw and packing materials, stores and spares, work in progress and finished goods are stated at lower of cost (Raw and Packing Material - Specific Identification Method; Stores and Spares - FIFO basis; Work in Progress and Finished Goods - Weighted Average Method) and net realisable value. In respect of Caraco Pharmaceutical Laboratories Ltd cost is determined on specific identification basis, in respect of Alkaloida Chemical Company Zrt and Sun Pharmaceutical Industries Inc cost is determined on FIFO basis, in respect of Taro Pharmaceutical Industries Ltd cost is determined on Average cost basis.

9 Research and Development

The research and development cost is accounted in accordance with Accounting Standard – 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the profit and loss account, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under Capital Work in Progress, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under Capital Work in Progress is charged off to the profit and loss account.

10 Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded at the exchange rates that approximates the actual rate prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Profit and Loss account.

The translation of the financial statements of non integral foreign operations is accounted for as under:

- a) All revenues and expenses are translated at average rate.
- b) All monetary and non-monetary assets and liabilities are translated at the rate prevailing on the balance sheet.
- c) Resulting exchange difference is accumulated in Foreign Currency Translation Reserve on Consolidation until the disposal of the net investment in the said non integral foreign operation.

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11 Taxes on Income

Provision for taxation comprises of Current Tax and Deferred Tax. Current Tax provision has been made on the basis of reliefs and deductions available under relevant Tax laws. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date.

12 Employee Benefits

- (a) The Group's contribution in respect of provident fund and other funds is charged to Profit and Loss Account each year.
- (b) With respect to gratuity liability, some of the entities in group contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy. Gratuity liability as determined on actuarial basis by the independent valuer is charged to Profit and Loss Account.
- (c) Liability for accumulated compensated absences of employees is ascertained for on actuarial valuation basis and provided for as per group rules.

13 Government Grants / Subsidy

Government grants, if any, are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital Subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

14 Derivative Accounting

Forward Contracts in the nature of highly probable forecasted transactions / firm commitments entered into for hedging the risk of foreign currency exposure and other derivative contracts are accounted for on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Pursuant to this losses, if any on Mark to Market basis, are recognised in the Profit and loss Account and gains are not recognised on prudent basis.

15 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

16 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group 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 can not be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

17 Impairment of Assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised.

18 Common/Convertible Preferred Stock Issued

Common/Convertible Preferred Stock is issued by Caraco from time to time in lieu of cash for directors fees and in exchange for fees towards formula for products developed by Parent & its affiliates and is recorded as compensatory expenses/research and development costs respectively.



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B NOTES TO FINANCIAL STATEMENTS:

- 1 The Consolidated Financial Statements present the consolidated accounts of Sun Pharmaceutical Industries Ltd with its following subsidiaries.

Sr. No.	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year 2010-11	Proportion of ownership interest for the year 2009-10	Year End
Direct Subsidiaries					
1	Green Eco Development Center Ltd.	India	100.00%	—	31/03/2011
2	Sun Pharma Global Inc.	British Virgin Islands	100.00%	100.00%	31/03/2011
3	ZAO Sun Pharma Industries Ltd.	Russia	100.00%	100.00%	31/12/2010 (See Foot note e)
4	Sun Pharmaceutical (Bangladesh) Ltd.	Bangladesh	72.50%	72.50%	31/03/2011
5	Caraco Pharmaceutical Laboratories Ltd. (CARACO)	United States of America	75.83%	75.16%	31/03/2011
6	TKS Farmaceutica Ltda	Brazil	90.14%	90.10%	31/12/2010 (See Foot note f)
7	Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%	31/12/2010
8	Sun Pharmaceutical Industries Inc.	United States of America	100.00%	100.00%	31/03/2011
9	Sun Farmaceutica Ltda	Brazil	—	99.94%	(See Foot note f)
10	SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%	31/12/2010
11	Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%	31/12/2010
12	OOO "Sun Pharmaceutical Industries" Ltd.	Russia	99.00%	99.00%	31/12/2010
13	Sun Pharma de Venezuela, CA.	Venezuela	100.00%	—	31/03/2011
Step down Subsidiaries					
14	Caraco Pharma Inc.	United States of America	75.83%	75.16%	31/03/2011
15	Chattem Chemicals Inc.	United States of America	100.00%	100.00%	31/03/2011
16	Taro Development Corporation	United States of America	100.00%	—	31/03/2011
17	Sun Development Corporation I	United States of America	—	100.00%	(See Foot note g)
18	Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%	31/03/2011
19	Sun Pharmaceutical UK Ltd.	United Kingdom	100.00%	100.00%	31/03/2011
20	Sun Pharmaceutical Industries (Australia) Pty. Ltd.	Australia	100.00%	100.00%	31/03/2011

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Sr. No.	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year 2010-11	Proportion of ownership interest for the year 2009-10	Year End
21	Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%	31/03/2011
22	Sun Pharmaceutical Industries (Europe) B.V.	The Netherlands	100.00%	100.00%	31/03/2011
23	Sun Pharmaceuticals Italia S.R.L.	Italy	100.00%	100.00%	31/03/2011
24	Sun Pharmaceutical Spain, SL.	Spain	100.00%	100.00%	31/03/2011
25	Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%	31/03/2011
26	Sun Pharmaceuticals France	France	100.00%	100.00%	31/03/2011
27	Sun Pharma Global (FZE)	U.A.E.	100.00%	100.00%	31/03/2011
28	Sun Pharmaceuticals (SA) (Pty) Ltd.	South Africa	100.00%	100.00%	31/03/2011
29	Sun Global Canada Pty. Ltd.	Canada	100.00%	100.00%	31/03/2011
30	Sun Laboratories Inc	United States of America	100.00%	—	31/03/2011
31	Morley and Company Inc	United States of America	100.00%	—	31/03/2011
32	Sun Laboratories FZE.	Sharjah, U. A. E.	100.00%	—	31/03/2011
33	Taro Pharmaceutical Industries Ltd.(TARO)	Israel	66.30%	—	31/12/2010 (See Foot note b.)
34	Taro Pharmaceuticals Inc.	Canada	66.30%	—	31/12/2010
35	Taro Pharmaceuticals U.S.A.,Inc.	United States of America	66.30%	—	31/12/2010
36	Taro Research Institute Ltd.	Israel	66.30%	—	31/12/2010
37	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British west Indies	66.30%	—	31/12/2010
38	Taro Pharmaceuticals Europe B.V.	The Netherlands	66.30%	—	31/12/2010
39	Taro Pharmaceuticals Ireland Ltd.	Ireland	66.30%	—	31/12/2010
40	Taro International Ltd.	Israel	66.30%	—	31/12/2010
41	Taro Pharmaceuticals UK Ltd.	United Kingdom	66.30%	—	31/12/2010
42	Taro Laboratories Ltd.	United States of America	66.30%	—	31/12/2010
43	Taro Hungary Intellectual Property Licensing LLC.	Hungary	66.30%	—	31/12/2010
44	3 Skyline LLC	United States of America	66.30%	—	31/12/2010



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Sr. No.	Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year 2010-11	Proportion of ownership interest for the year 2009-10	Year End
45	One Commerce Drive LLC	United States of America	66.30%	—	31/12/2010
46	Taro Healthcare Limited	United Kingdom	66.30%	—	31/12/2010
47	Taro Industries Limited	United Kingdom	66.30%	—	31/12/2010
48	Taro Manufacturing Limited	United Kingdom	66.30%	—	31/12/2010
49	Tarochem Ltd.	Israel	66.30%	—	31/12/2010
50	Taro Pharmaceutical Laboratories INC	United States of America	66.30%	—	31/12/2010
51	Taro Pharmaceuticals Canada, Ltd.	Canada	66.30%	—	31/12/2010
52	Taro International Limited	United Kingdom	66.30%	—	31/12/2010
53	Taro Pharmaceutical India Private Ltd.	India	66.30%	—	31/03/2011
Partnership Firm					
54	Sun Pharmaceutical Industries	India	97.50%	97.50%	31/03/2011
55	Sun Pharma Exports	India	80.00%	80.00%	31/03/2011
56	Sun Pharma Sikkim	India	97.50%	97.50%	31/03/2011
57	Sun Pharma Drugs	India	98.00%	—	31/03/2011
Controlled Entity					
58	Universal Enterprises (Pvt) Ltd.	India	97.50%	97.50%	31/03/2011

- a. The Financial Statements of the Company and partnership firms at Sr. No. 54 and 56 are audited by Deloitte Haskins & Sells. The Financial Statements in respect of all Other subsidiaries and Partnership Firms are audited by other auditors except in respect of subsidiaries at Sr. No. 13,30 and 32 are unaudited and are consolidated on the basis of management accounts.
- b. The audited consolidated financial statements of Taro Pharmaceutical Industries Ltd and its 20 subsidiaries, listed under Sr.No. 33 to 53 above been drawn up for the year ended 31st December, 2010, where the reporting date is different from the reporting date of the Parent Company. The consolidated financial statements of this subsidiary group as on the date of the acquisition by the Parent Company on 20th September, 2010 have been prepared in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006 ("Accounting Standard 21") by giving effects of significant transactions or other events that occur between the date of the latest available consolidated financial statements of the subsidiary group and the date of acquisition and reported upon by their auditors. Such consolidated financial statements of the subsidiary group for the period ended 31st December, 2010 have been further adjusted, in accordance with the said Accounting Standard 21, for significant transactions of the subsidiary group for the period from 1st January, 2011 to 31st March, 2011 on the basis of the reports of their auditors.

The Group holds 66.30% and 77.30% of beneficial ownership and voting power respectively in the share capital of Taro Pharmaceutical Industries Ltd.

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- c. In respect of subsidiaries at Sr. No. 3, 6, 7, 10, 11 and 12, the reporting date is also as of 31st December, 2010 and different from the reporting date of the Parent Company and the financial statements have been audited by other auditors. In terms of Accounting Standard 21, adjustments have been made for significant transactions of these subsidiaries for the periods from 1st January, 2011 to 31st March, 2011 and 1st January, 2010 to 31st March, 2010, on the basis of their management accounts for the said periods.
- d. Subsidiaries at Sr. No. 1, 13, 30, 32, and 57, have been incorporated during the year ended 31st March, 2011.
- e. The Company is in the process for Liquidation of ZAO Sun Pharma Industries Limited and has appointed Official Liquidator as per the terms of Resolution passed at the General Meeting of the Subsidiary held on 29th October, 2002.
- f. With effect from 01st October, 2010 Sun Farmaceutica Ltda has merged with Tks Farmaceutica Ltda.
- g. With effect from 20th September, 2010 Sun Development Corporation I has merged with Taro Development Corporation.
- h. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.

	As at 31st March, 2011	As at 31st March, 2010
	₹ in Million	₹ in Million
2 a) CONTINGENT LIABILITIES NOT PROVIDED FOR:		
Guarantees Given by the bankers on behalf of the Group	176.3	274.1
Letters of Credit for Imports	187.8	515.0
Liabilities Disputed - Appeals filed with respect to :		
Income Tax on account of Disallowances / Additions	2,562.0	4,167.6
Withholding Tax due, relating to Employees of Taro	2,359.6	—
Sales Tax on account of Rebate / Classification	25.6	11.4
Excise Duty on account of Valuation / Cenvat Credit	326.8	316.6
ESIC Contribution on account of applicability	0.2	0.2
Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, including interest there on, enjoyed by the Group	14.0	14.0
Demand by JDGFT import duty with respect to import alleged to be in excess of entitlement as per the Advanced Licence Scheme	11.5	11.1
Other Claims against the Group not acknowledged as debts (Includes ₹ 781.4 million pertaining to Taro)	820.2	6.7
b) Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	1,739.3	1,118.7

3 Legal Proceedings

The Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims and other regulatory matters relating to conduct of its business. The Group carries product liability insurance / is contractually indemnified by the manufacturer, for an amount it believes is sufficient for its needs. In respect of other claims, the group believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters will not have material adverse effect on its Financial Statements.

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	2010-11	2009-10
	₹ in Million	₹ in Million
4 RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDE:		
On Revenue account	2,860.0	2,083.1
On Capital account	236.1	159.0
5 Net Interest income ₹ 1341.6 Million (Previous Year ₹ 1,138.9 Million) comprises of :		
Interest income		
Bank Deposits	928.8	963.2
Loan	84.7	128.6
Current Investment	134.7	1.4
Long Term Investment	427.6	99.4
Others	343.1	7.8
	1,918.9	1,200.4
Interest Expense		
Fixed Loans	212.7	57.8
Others	364.6	3.7
	577.3	61.5
6 Goodwill on consolidation (Net) comprises of:		
Goodwill in respect of		
Caraco Pharmaceutical Laboratories Ltd.	5,012.0	4,563.5
Sun Farmaceutica Ltda Brazil (see note B 1(f))	—	44.8
TKS Framaceutica Ltda	400.1	327.0
Universal Enterprises (P) Ltd.	7.5	7.5
Taro Pharmaceutical Industries Ltd.	3,182.6	—
Total (A)	8,602.2	4,942.8
Less:		
Capital Reserve in respect of :		
Alkaloida Chemical Company Zrt.	882.5	882.5
Total (B)	882.5	882.5
Total (A-B)	7,719.7	4,060.3
7 Short-term Loan and Cash credit facility from Banks are secured by hypothecation of accounts receivable and inventory, mortgage covering the Group's manufacturing facility and equipment.		

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	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
8 Accounting Standard (AS-20) on Earnings Per Share		
Profit After Tax	19,073.7	13,469.8
Less : Minority Interest	913.1	(41.0)
Profit used as Numerator for calculating Earnings per share	18,160.6	13,510.8
Weighted Average number of Shares used in computing basic & diluted earnings per share	1,035,581,955	1,035,581,955
Nominal value per share (in ₹)	1.0	1.0
Basic and Diluted Earnings Per Share (in ₹)	17.5	13.0
<p>Consequent to the approval of the members of the Company and upon requisite regulatory compliance, during the year, one equity share of ₹ 5 each of the Company is sub-divided into five equity shares of ₹ 1 each fully paid-up. The Earnings Per Share of ₹ 1 each has been restated for the previous year in accordance with Accounting Standard (AS-20) on "Earnings Per Share" as notified under The Companies (Accounting Standards) Rules, 2006.</p>		
9 Related Party Disclosure - as per Annexure 'A' annexed.		
10 Accounting Standard (AS-17) on Segment Reporting		
a) Primary Segment		
The Group has identified "Pharmaceuticals" as the only primary reportable business segment.		
b) Secondary Segment (By Geographical Segment)		
	₹ in Million	₹ in Million
India	24,947.2	18,506.6
Outside India	33,118.6	20,354.8
Total Sales	58,065.8	38,861.4

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

11 Intangible assets consisting of trademarks, designs, technical knowhow, non compete fees and other intangible assets are stated at cost of acquisition based on their agreements and are available to the Group in perpetuity. The depreciable amount of intangible assets is arrived at, based on the management's best estimates of useful lives of such assets after due consideration as regards their expected usage, the product life cycles, technical and technological obsolescence, market demand for products, competition and their expected future benefits to the Group.

12 (a) The Group has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and licences, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Group has given refundable interest free security deposits in accordance with the agreed terms.

(b) Lease receipts/payments are recognised in the Profit and Loss Account under "Rent" in Schedule 14, Schedule 18 and Schedule 19.

(c) Operating lease

Group as lessee

The future minimum lease payments under non-cancellable operating lease

- not later than one year ₹ 176.7 Million (Previous year ₹ 98.3 Million)

- later than one year and not later than five years ₹ 477.1 Million (Previous year ₹ 365.1 Million)

- later than five years ₹ 120.1 Million (Previous year ₹ 115.7 Million)

Group as lessor

The future minimum lease payments under non-cancellable operating lease

- not later than one year ₹ 16 Million (Previous year ₹ 17.0 Million)

- later than one year and not later than five years ₹ Nil (Previous year ₹ Nil)

- later than five years ₹ Nil (Previous year ₹ Nil)

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	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Million	₹ in Million
13 Remuneration to Auditors (excluding service tax) :		
Audit Fees	142.8	27.3
In any other manner, for certification etc.	2.5	0.5
Out of pocket expenses	0.2	0.2
Total	145.5	28.0
14 Other Operating Income includes upfront payment received in terms of settlement agreement for the grant of an exclusive license to the licensed patents and know how.		
15 Accounting Standard (AS-15) on Employee benefits		
Contributions are made to Recognised Provident Fund/ Government Provident Fund, Family Pension Fund, ESIC and other Statutory 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 are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 115.4 Million (Previous year ₹ 96.5 Million)		
Contribution to Provident Fund	106.3	90.3
Contribution to Employees State Insurance Scheme (ESIC) and Employees Deposit Linked Insurance (EDLI)	6.2	3.9
Contribution to Labour Welfare Fund	0.1	0.1
Employer's Contribution to Family Pension Fund	2.8	2.2
In respect of Gratuity, Contributions are made to LIC's Recognised Group Gratuity Fund Scheme based on amount demanded by LIC of India. Provision for Gratuity is based on actuarial valuation done by independent actuary as at the year end. Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Company rules amounting to ₹ 47.4 Million (Previous Year ₹ 42.1 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. After the issuance of Accounting Standard 15 on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.		
Category of Plan Assets : The Company's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India.		
In respect of gratuity (funded):		

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011 (CONSOLIDATED)

	₹ in Million Year ended	
	31st March, 2011	31st March, 2010
Reconciliation of liability recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	257.3	219.5
Fair value of plan assets	284.2	236.3
Net asset in the Balance sheet	27.0	16.8
Movement in net liability recognised in the Balance sheet		
Net liability / (assets) as at the beginning of the year	(16.8)	(46.3)
Net expense recognised in the Profit and Loss account	30.6	61.1
Contribution during the year	(40.7)	(31.7)
Net liability / (assets) in the Balance sheet	(27.0)	(16.8)
Expense recognised in the Profit and Loss account		
Current service cost	26.7	19.8
Interest cost	18.9	12.5
Expected return on plan assets	(21.4)	(17.1)
Actuarial loss	6.4	45.8
Expense charged to the Profit and Loss account	30.6	61.1
Return on plan assets		
Expected return on plan assets	21.4	17.1
Actuarial gain	3.4	3.4
Actual return on plan assets	24.9	20.5
Reconciliation of defined-benefit commitments		
Commitments as at the beginning of the year	219.5	148.1
Current service cost	26.7	19.8
Interest cost	18.9	12.5
Paid benefits	(17.6)	(10.3)
Actuarial loss	9.8	49.2
Commitments as at the year end	257.3	219.5
Reconciliation of plan assets		
Plan assets as at the beginning of the year	236.3	194.4
Expected return on plan assets	21.4	17.1
Contributions during the year	40.7	31.7
Paid benefits	(17.6)	(10.3)
Actuarial gain	3.4	3.4
Plan assets as at the year end	284.2	236.3
<p>The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense.</p>		
Discount rate	8.25%	8.00%
Expected return on plan assets	8.25%	8.00%
Expected rate of salary increase	6.00%	6.00%
Mortality	LIC (1994-96) Ultimate	
<p>The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.</p>		



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011 (CONSOLIDATED)

	₹ in Million Year ended				
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Experience adjustment					
On plan liabilities	18.1	57.2	5.4	127.4	3.2
On plan assets	3.4	3.4	4.1	2.5	1.2
Present value of benefit obligation	257.3	219.5	148.1	111.0	76.0
Fair value of plan assets	284.2	236.3	194.3	107.0	85.4
Excess of (obligation over plan assets) / plan assets over obligation	27.0	16.8	46.2	(4.0)	0.8

The contribution expected to be made by the Company during financial year ending 31st March, 2012 is ₹ 38.7 Million.

The above disclosure is provided to the extent applicable and available from the individual Financial Statements of subsidiaries.

16 The following are the outstanding Derivative Contracts entered by the Company & some of its Subsidiaries as on 31st March, 2011.

Nature of Derivative Contract	Currency	Buy / Sell	Cross Currency	Amount in Million	
				As at 31st March, 2011	As at 31st March, 2010
Forward Contracts	US Dollar	Sell	RUPEES	\$ 315.0	\$ 175.0
Cross Currency Swaps	Israeli New Shekel	Buy	US Dollar	\$ 7.7	—
Interest Rate Swaps	US Dollar	Sell	US Dollar	\$ 1.0	—

17 Profit / (Loss) on Sale of Investments (net)

	2010-11 ₹ In Million	2009-10 ₹ In Million
Profit / (Loss) on Sale of Current Investments (net)	406.0	(32.6)
Profit / (Loss) on Sale of Long Term Investments (net)	21.5	105.9
	427.5	73.3

18 Caraco has announced the proposal of merger with another subsidiary of the Company, subject to the approval of Caraco's stockholders. Upon such approval of this arrangement Caraco will become a wholly owned subsidiary of the Company.

19 As a result of the FDA action, Caraco Pharmaceutical Laboratories Ltd. (Caraco) had voluntarily ceased manufacturing operations. Caraco has engaged a consulting firm which is comprised of current good manufacturing practice ("cGMP") experts, in accordance with the Consent Decree, and submitted a work plan to the FDA in October 2009 for remedial actions leading to resumption of its manufacturing operations. The FDA approved Caraco's work plan on March 17, 2010 after reviewing and suggesting certain modifications. On June 24, 2010 the FDA notified Caraco that its protocol for third party cGMP certification and batch certification, detailing the activities to be conducted by the cGMP consultants, was acceptable. Caraco is in the process of implementing the corrective actions and remedial measures as stipulated in the work plan.

20 The consolidated Financial Statements includes total assets of ₹ 25,670.9 Million and total liabilities of ₹ 6,948.0 Million as on 31st March, 2011 and total revenues of ₹ 9,946.3 Million, Profit before Tax of ₹ 2,464.5 Million and Profit after Tax of ₹ 2,028.5 Million for the period from 20th September, 2010 to 31st March, 2011, consequent to acquisition of Taro Group with effect from 20th September, 2010.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011 (CONSOLIDATED)

- 21 At the date of acquisition of Taro Group on 20th September, 2010, the Group has inter alia taken over net deferred tax assets aggregating ₹ 3193.7 Million of which ₹ 190.7 Million has already been set off as TARO Group has reported profit before tax of ₹ 2464.5 Million for the period from 20th September, 2010 to 31st March, 2011. The balance of such deferred tax assets comprises timing difference related to accrued expenses, net operating losses carried forward, amortisation and R & D expenses. TARO Group has a history of profitability except that tax losses had arisen in some of the years mainly on account of unanticipated extraordinary excessive product return. Based on this performance, favourable business environment, current product portfolio, new products under development and products having exclusivity period in the Unites States of America, the Management believes continuation of such profitability over future period, which represents virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 22 Taro Pharmaceutical Industries Ltd has closed during 2010, the manufacturing facility of its subsidiary in Ireland and decided to sell the facility. The related assets of ₹194.3 Million, Liabilities of ₹11.6 Million, Revenues of ₹11.9 Million and losses of ₹ 31.6 Million attributable to its Irish Subsidiary has been considered in the Consolidated Financial Statements.
- 23 With respect to payment under various loan agreements, TARO is not in compliance with certain financial reporting covenants and other provisions contained in the related loan agreements. Due to this, various creditors have the right to accelerate their indebtedness and certain creditors may elect to proceed against the collateral granted to them to secure such indebtedness. In the event such indebtedness is accelerated, Management believes that it has sufficient capacity to satisfy such obligation. Also with filling of Annual Reports of the company from 2007 to 2010, TARO would be in compliance of all financial and reporting requirements under the debt instrument prospectively.
- 24 In terms of Collective bargaining agreement between Taro Pharmaceutical Industries Ltd (employer) with it's employees at Israel, a one time payment of ₹ 66.78 Million has been accrued as on March 2011, which is to be divided among Taro Israeli Employees.
- 25 As per the best estimate of the management, provision has been made as per Accounting Standard (AS) 29, as notified by Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

	2010-11 ₹ In Million	2009-10 ₹ In Million
Provision*		
Opening balance	19.3	7.0
Add: Taken over on acquisition of Taro	4,470.4	—
Add: Provision for the year	7,497.2	12.3
Less: Utilisation / Settlement	(7,251.6)	—
Closing balance	4,735.3	19.3

* The above includes provisions for Product returns, Chargebacks, Medicaid, cash discount and rebates and Pending Lawsuits, penalties and fines (air pollution, waste water).

Provisions for returns, Medicaid and indirect rebates are included in current liabilities. All other sales deductions allowances are recorded as accounts receivable reserves/provisions and reduced from debtors. The provisions for returns is included in current liabilities as substantially all of these returns will not be realized until after the year-end accounts receivable balances are settled. Medicaid and indirect rebates are included in current liabilities because the Company does not have direct customer relationships with any of the payees.

- 26 Statement regarding subsidiary companies as required under section 212 (8) of the Companies Act, 1956 pursuant to General Circular no. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs - As per Annexure 'B'
- 27 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the group financial statements.
- 28 Previous year's figures are restated / regrouped / rearranged wherever necessary in order to confirm to current year's groupings and classifications.



ANNEXURE 'A' TO NOTES TO FINANCIAL STATEMENTS

(CONSOLIDATED)

ACCOUNTING STANDARD (AS-18) " RELATED PARTY DISCLOSURE "

Names of related parties and description of relationship		
1. Key Management Personnel	Mr. Dilip S. Shanghvi Mr. Sudhir V. Valia Mr. Sailesh T. Desai Mr. S. Kalyanasundaram	Chairman & Managing Director Wholetime Director Wholetime Director Chief Executive Officer and Wholetime Director
2. Relatives of Key Management Personnel	Mr. Aalok Shanghvi Ms. Khyati Valia	Son of Chairman and Managing Director Daughter of Wholetime Director
3. Enterprise under significant Influence of Key Management Personnel or their relatives	Sun Petrochemicals Pvt Ltd Navjivan Rasayan (Gujarat) Pvt Ltd Sun Pharma Advanced Research Company Ltd Reanal Ltd Sugandh Management Consultancy	

₹ in Million

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise under Significant Influence of Key Management Personnel or their relatives		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Purchases of goods / DEPB	—	—	—	—	1.1	1.1	1.1	1.1
Sun Petrochemical Pvt Ltd	—	—	—	—	0.9	1.1	0.9	1.1
Reanal Ltd	—	—	—	—	0.2	—	0.2	—
Purchase of Fixed Assets	—	—	—	—	0.2	—	0.2	—
Sun Pharma Advanced Research Company Ltd	—	—	—	—	0.2	—	0.2	—
Sale of goods / DEPB	—	—	—	—	13.7	17.8	13.7	17.8
Sun Petrochemical Pvt Ltd	—	—	—	—	1.7	4.2	1.7	4.2
Sun Pharma Advanced Research Company Ltd	—	—	—	—	120	13.6	120	13.6
Sale of Fixed Asset	—	—	—	—	0.2	19.1	0.2	19.1
Sun Pharma Advanced Research Company Ltd	—	—	—	—	0.2	—	0.2	—
Sun Petrochemical Pvt Ltd	—	—	—	—	—	19.1	—	19.1
Receiving of Service / Reimbursement Services	—	—	—	—	95.2	12.4	95.2	12.4
Sun Pharma Advanced Research Company Ltd	—	—	—	—	95.2	12.4	95.2	12.4
Reimbursement of Expenses	—	—	—	—	0.5	1.1	0.5	1.1
Sun Pharma Advanced Research Company Ltd	—	—	—	—	0.5	1.1	0.5	1.1
Rendering of Service / Reimbursement Services	—	—	—	—	—	3.8	—	3.8
Sun Petrochemical Pvt Ltd	—	—	—	—	—	3.8	—	3.8

ANNEXURE 'A' TO NOTES TO FINANCIAL STATEMENTS

(CONSOLIDATED)

₹ in Million

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise under Significant Influence of Key Management Personnel or their relatives		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Reimbursement of Expenses	—	—	—	—	24.8	25.9	24.8	25.9
Sun Pharma Advanced Research Company Ltd	—	—	—	—	24.8	25.9	24.8	25.9
Loans Given	—	—	—	—	140.7	413.9	140.7	413.9
Sugandh Management Consultancy	—	—	—	—	140.7	413.9	140.7	413.9
Loans Received back / Share Application Money Refund	—	—	—	—	131.4	113.9	131.4	113.9
Sugandh Management Consultancy	—	—	—	—	131.4	113.9	131.4	113.9
Corporate Guarantee Given/ (Released) on behalf	—	—	—	—	—	(125.0)	—	(125.0)
Sun Pharma Advanced Research Company Ltd	—	—	—	—	—	(125.0)	—	(125.0)
Rent Income	—	—	—	—	1.4	0.7	1.4	0.7
Navjivan Rasayan (Gujarat) Pvt Ltd	—	—	—	—	0.1	0.1	0.1	0.1
Sun Pharma Advanced Research Company Ltd	—	—	—	—	1.3	0.6	1.3	0.6
Director's Remuneration	61.6	35.8	—	—	—	—	61.6	35.8
Mr. Dilip S. Shanghvi	16.9	15.0	—	—	—	—	16.9	15.0
Mr. Sudhir V. Valia	16.9	15.0	—	—	—	—	16.9	15.0
Mr. Sailesh T. Desai	7.8	5.8	—	—	—	—	7.8	5.8
Mr. S. Kalyanasundaram	20.0	—	—	—	—	—	20.0	—
Apprenticeship Stipend / Remuneration	—	—	1.4	0.8	—	—	1.4	0.8
Mr. Aalok Shanghvi	—	—	0.9	0.5	—	—	0.9	0.5
Ms. Khyati Valia	—	—	0.5	0.3	—	—	0.5	0.3
Outstanding Receivables / (Payables) (Net)	(11.7)	(7.6)	(0.2)	(0.2)	20.9	48.4	9.0	40.6
Sun Pharma Advanced Research Company Ltd	—	—	—	—	20.9	47.1	20.9	47.1
Mr. Dilip S. Shanghvi	(3.6)	(3.2)	—	—	—	—	(3.6)	(3.2)
Mr. Sudhir V. Valia	(3.6)	(3.2)	—	—	—	—	(3.6)	(3.2)
Mr. Sailesh T. Desai	(1.4)	(1.2)	—	—	—	—	(1.4)	(1.2)
Mr. S. Kalyanasundaram	(3.1)	—	—	—	—	—	(3.1)	—
Others	—	—	(0.2)	(0.2)	—	1.3	(0.2)	1.1

ANNEXURE 'B' TO NOTES ON ACCOUNT

(CONSOLIDATED)

Statement regarding subsidiary companies as required under section 212 (8) of the Companies Act, 1956 pursuant to General Circular no. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs:

₹ in Million

SR NO	Name of the Subsidiary Company	Reporting Currency	Exchange Rate as on 31st March, 2011	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after	Proposed Dividend
1	Green Eco Development Center Ltd.	INR	1.00	1.0	(0.1)	1.0	0.1	—	—	(0.1)	—	(0.1)	—
2	Sun Pharma Global Inc.	USD	44.52	110.1	28,058.9	42,112.0	13,943.1	2,480.1	—	667.1	—	667.1	—
3	Zao Sun Pharma Industries Ltd.	RRU	1.57	0.0	(0.0)	—	—	—	—	—	—	—	—
4	Sun Pharmaceutical (Bangladesh) Ltd	TAKA	0.61	36.6	125.3	282.4	120.6	—	323.2	85.0	30.7	54.3	—
5	Caraco Pharmaceutical Laboratories Ltd	USD	44.52	6,306.4	255.5	8,989.4	2,427.5	445.2	13,800.1	(562.9)	(199.0)	(363.9)	—
6	TKS Farmaceutica Ltda	Brazilian reais	27.27	152.0	(86.7)	540.8	475.5	—	445.3	(76.4)	—	(76.4)	—
7	Sun Pharma De Mexico S.A. DE C.V.	Mexican Pesos	3.74	3.8	66.0	417.2	347.4	—	468.6	56.9	16.4	40.5	—
8	Sun Pharmaceutical Industries Inc.	USD	44.52	0.2	(3,138.3)	5,732.5	8,870.5	—	194.6	(1,808.9)	(630.4)	(1,178.5)	—
9	Sun Farmaceutica Ltda	Brazilian reais	27.27	—	—	—	—	—	67.8	(5.7)	—	(5.7)	—
10	SPIL De Mexico S.A. DE C.V.	Mexican Pesos	3.74	0.2	—	0.2	—	—	—	—	—	—	—
11	Sun Pharmaceutical Peru S.A.C	Soles	15.87	0.0	(22.1)	0.9	23.0	—	—	(7.5)	—	(7.5)	—
12	OOO "Sun Pharmaceutical Industries" Ltd.	RRU	1.57	0.1	1.0	406.4	405.3	—	292.6	(0.4)	0.6	(1.0)	—
13	Sun Pharma de Venezuela, CA.	Venezuelan Bolivian Fuerte (VEF)	10.50	1.1	—	3.6	2.6	—	—	—	—	—	—
14	Caraco Pharma Inc.	USD	44.52	—	—	—	—	—	—	—	—	—	—
15	Chattem Chemicals Inc	USD	44.52	1,533.0	315.6	1,930.3	81.7	—	1,180.4	223.0	46.7	176.3	—
16	Taro Development Corporation	USD	44.52	0.0	(0.0)	884.5	884.5	—	—	(0.0)	—	(0.0)	—
17	Sun Development Corporation I	USD	44.52	0.0	(0.0)	884.4	884.5	—	—	—	—	—	—
18	Alkaloida Chemical Company Zrt.	HUF	0.24	1,694.5	(1,124.7)	24,033.2	23,463.3	151.9	865.8	(642.7)	—	(642.7)	—
19	Sun Pharmaceutical UK Ltd.	GBP	71.37	0.1	(75.4)	152.7	228.0	—	220.1	(28.9)	—	(28.9)	—
20	Sun Pharmaceutical Industries (Australia) Pty. Ltd.	AUD	45.98	0.0	(0.8)	0.1	1.0	—	—	(0.6)	—	(0.6)	—
21	Aditya Acquisition Company Ltd.	Israeli New Shekel, NIS	12.81	0.0	(0.0)	—	0.0	—	—	0.0	—	0.0	—
22	Sun Pharmaceutical Industries (Europe) B.V.	EURO	63.06	1.1	(115.8)	123.3	238.0	—	148.9	(45.7)	—	(45.7)	—
23	Sun Pharmaceuticals Italia S.R.L.	EURO	63.06	0.6	30.3	142.8	112.0	—	66.8	(70.6)	(18.2)	(52.4)	—
24	Sun Pharmaceutical Spain, SL.	EURO	63.06	0.2	(103.3)	128.1	231.2	—	60.9	(67.3)	(16.3)	(51.0)	—
25	Sun Pharmaceuticals Germany GmbH	EURO	63.06	1.6	(73.7)	124.6	196.7	—	95.0	(50.3)	6.3	(56.6)	—

ANNEXURE 'B' TO NOTES ON ACCOUNT

(CONSOLIDATED)

Statement regarding subsidiary companies as required under section 212 (8) of the Companies Act, 1956 pursuant to General Circular no. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs:

₹ in Million

SR NO	Name of the Subsidiary Company	Reporting Currency	Exchange Rate as on 31st March, 2011	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
26	Sun Pharmaceuticals France	EURO	63.06	2.3	(68.2)	20.6	86.6	—	5.7	(29.6)	—	(29.6)	—
27	Sun Pharma Global (FZE)	USD	44.52	183.6	14,923.5	16,409.9	1,302.7	—	6,333.5	3,174.4	—	3,174.4	—
28	Sun Pharmaceuticals (SA) (Pty) Ltd.	ZAR	6.60	0.0	(0.0)	0.0	0.0	—	—	(0.0)	—	(0.0)	—
29	Sun Global Canada Pty. Ltd.	USD	44.52	0.0	—	0.4	0.4	—	—	(0.3)	—	(0.3)	—
30	Sun Laboratories Inc.	USD	44.52	0.0	—	0.0	0.0	—	—	—	—	—	—
31	Morley and Company Inc.	USD	44.52	0.1	—	0.1	—	—	—	—	—	—	—
32	Sun Laboratories FZE.	USD	44.52	545.5	(0.0)	545.4	—	—	—	(0.0)	—	(0.0)	—
33	Taro Pharmaceutical Industries Ltd.	USD	44.52	30.3	16,945.7	21,360.3	4,384.3	—	7,836.4	1,710.8	57.7	1,653.1	—
34	Taro Pharmaceuticals Inc.	CAD	45.90	0.0	5,446.6	6,407.4	960.8	—	5,803.6	481.9	53.4	428.5	—
35	Taro Pharmaceuticals U.S.A., Inc.	USD	44.52	6.5	(4,146.4)	10,724.2	14,864.2	164.4	13,634.9	1,073.5	399.4	674.1	—
36	Taro Research Institute Ltd.	USD	44.52	0.0	(17.0)	1,016.2	1,033.2	—	986.3	46.6	19.7	26.9	—
37	Taro Pharmaceuticals North America, Inc.	USD	44.52	0.0	2,276.6	2,751.4	474.8	—	1,045.8	532.5	(45.0)	577.5	—
38	Taro Pharmaceuticals Europe B.V.	EURO	63.06	1.1	(19.5)	2.7	21.1	—	—	(3.2)	(0.3)	(2.8)	—
39	Taro Pharmaceuticals Ireland Ltd.	EURO	63.06	31.6	(3,812.4)	250.7	4,031.4	—	—	(581.0)	—	(581.0)	—
40	Taro International Ltd. (Israel)	USD	44.52	0.0	(50.6)	244.9	295.5	—	268.0	(17.8)	—	(17.8)	—
41	Taro Pharmaceuticals UK Ltd.	GBP	71.37	0.0	(526.5)	631.5	1,158.0	—	663.0	(32.9)	—	(32.9)	—
42	Taro Laboratories Ltd.	GBP	71.37	0.0	—	0.0	0.0	—	—	—	—	—	—
43	Taro Hungary Intellectual Property Licensing LLC.	USD	44.52	1.5	(1.6)	4,528.2	4,528.3	—	—	(0.4)	—	(0.4)	—
44	Taro Healthcare Limited	GBP	71.37	0.1	—	0.1	0.1	—	—	—	—	—	—
45	Taro Industries Limited	GBP	71.37	0.1	—	0.1	—	—	—	—	—	—	—
46	Taro Manufacturing Limited	GBP	71.37	0.1	—	0.1	—	—	—	—	—	—	—
47	Taro Pharmaceuticals Canada, Ltd.	CAD	45.90	0.0	(0.0)	0.1	0.1	—	—	—	—	—	—
48	Taro International Limited - UK	GBP	71.37	0.1	—	0.1	—	—	—	—	—	—	—
49	Taro Pharmaceutical India Private Ltd.	INR	1.00	0.1	1.0	1.4	0.3	—	—	—	—	—	—

Note :

- '0.0' represents amount less than 0.05 million and rounded off.
- The above does not include 3 Skyline LLC, One Commerce Drive LLC, Tarochem Ltd and Taro Pharmaceutical Laboratories INC being subsidiaries of Taro Pharmaceutical Industries Ltd as they have no operation and does not have any Assets, Liabilities or Equity as on the close of their Financial Year ending as on 31st December, 2010.
- Figures disclosed above are as per the statutory year end of the respective subsidiaries and in respect of Taro Pharmaceutical Industries Ltd. and its subsidiaries, figures are for the year ended 31st December, 2010.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Dilip S. Shanghvi
Chairman & Managing Director

Mr. Sudhir V. Valia
Whole-time Director

Mr. S. Kalyanasundaram
CEO and Whole-time Director
(w.e.f.1st April, 2010)

Mr. Sailesh T. Desai
Whole-time Director

Mr. S. Mohanchand Dadha
Director

Mr. Hasmukh S. Shah
Director

Mr. Keki M. Mistry
Director

Mr. Ashwin Dani
Director

COMPANY SECRETARY

Mr. Kamlesh H. Shah
(Upto 31st March, 2011)

Mr. Sunil R. Ajmera
(From 1st April, 2011)
Email:secretarial@sunpharma.com

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants, Mumbai

BANKERS

Bank of Baroda
Bank of Nova Scotia
Citibank N.A.
ICICI Bank Ltd
Kotak Mahindra Bank Ltd
Standard Chartered Bank
State Bank of India

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C/13, Kantilal Maganlal Estate,
Pannalal Silk Mills Compound,
L B S Marg, Bhandup (West),
Mumbai – 400 078
Tel: (022)-25946970
Fax: (022)-25946969
E-mail: sunpharma@linkintime.co.in
rnt.helpdesk@linkintime.co.in

Additional Collection Center

203, 2nd Floor, Daver House, Dr. D. N Road, Next to Central Camera, Fort, Mumbai - 400 001.
Tel- (022) 22694127

PLANTS

Plot No. 214, Plot no. 20, Govt. Industrial Area, Phase II, Piparia. Silvassa - 396 230, U.T. of D & NH

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

Plot No. 24/2 & 25, GIDC, Phase-IV, Panoli - 394 116. Dist. Bharuch, Gujarat.

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

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

Sathammai Village, Karunkuzhi Post, Maduranthakam TK, Kanchipuram District,
Tamil Nadu - 603 303.

Plot No. 223, Span Industrial Complex, Dadra - 396 191, U.T. of D. & NH.

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

Sun Pharma Sikkim, * Plot No. 754, Nandok Block, Setipool, P.O. Ranipool, Sikkim – 737135.

Sun Pharmaceutical Industries, * Survey No. 259/15, Dadra - 396 191, U.T. of D. & NH.

Sun Pharmaceutical Industries, * 6-9 Export Promotion Industrial Park (EPIP), Kartholi,
Bari Brahmana, Jammu - 181 133, J&K

Sun Pharmaceutical Industries Inc., 705, E. Mulberry Street, Bryan, Ohio – 43506, USA.

Sun Pharmaceutical Industries Inc., 270 Prospect Plains Road, Cranbury, New Jersey – 08512, USA.

Caraco Pharmaceutical Laboratories Ltd., 1150 Elijah McCoy Drive, Detroit – 48202, Michigan, USA.

Sun Pharmaceutical (Bangladesh) Ltd., Chandana, Joydevpur, Gazipur, Bangladesh.

Alkaloida Chemical Company Zrt, H-4440 Tiszavasvari, Kabay, Janos u.29, Hungary.

TKS Farmaceutica Ltda., Rodovia GO-080, Km 02, Chacaras 01/02, Jardim Pompeia, Goiania/GO,
Brazil CEP: 74690-170.

Sun Pharma de Mexico S.A. de C.V, Av. Rio Churubusco No. 658, Col. El Sifon, Del. Iztapalapa,
C.P 09400 Mexico, Distrito Federal

Chattem Chemicals, Inc., 3708, St. Elmo Avenue, Chattanooga, TN 37409, USA

Taro Pharmaceuticals Inc., 130 East Drive, Brampton, Ontario L6T 1C1, Canada

Taro Pharmaceutical Industries Ltd., 14 Hakitor Street, P.O. Box 10347 Haifa Bay 26110, Israel

OFFICES

Registered

Sun Pharma Advanced Research Centre (SPARC), Tandalja, Vadodara – 390 020, Gujarat.

Corporate

Acme Plaza, Andheri Kurla Road, Andheri (East), Mumbai – 400 059, Maharashtra .

RESEARCH CENTRES

Sun Pharma Advanced Research Centre (SPARC), Akota Road, Akota, Vadodara – 390 020, Gujarat.

F.P.27, Part Survey No. 27, C.S. No. 1050, TPS No. 24, Village Tandalja, District Vadodara - 390 020,
Gujarat, India.

17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East) Mumbai - 400 093, Maharashtra

Chemistry and Discovery Research Israel, 14 Hakitor Street, P.O. Box 10347 Haifa Bay 26110, Israel

** With partnership firm Sun Pharmaceutical Industries/Sun Pharma Sikkim.*



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