

ANNEXURE (1) TO DIRECTORS' REPORT**CONSERVATION OF ENERGY**

| | <u>2008-09</u> | <u>2007-08</u> |
|--|----------------|----------------|
| A. Power and Fuel Consumption | | |
| 1. Electricity | | |
| (a) Purchased | | |
| Unit (in '000 KWH) | 48,104 | 41,412 |
| Total Amount (Rs. in Millions) | 260.0 | 197.0 |
| Rate (Rs./Unit) | 5.4 | 4.7 |
| (b) Own Generation through Diesel Generator | | |
| Units (in '000 KWH) | 2,421 | 1,060 |
| Units per Litre of Diesel Oil | 3.2 | 3.0 |
| Cost (Rs./Unit) | 11.6 | 11.4 |
| (c) Own Generation through Gas | | |
| Units (in '000 KWH) | 13,059 | 15,132 |
| Units per M3 of Gas | 3.8 | 3.8 |
| Cost (Rs./Unit) | 5.1 | 5.1 |
| 2. Furnace Oil | | |
| Quantity (in '000 Litres) | 5,223 | 4,623 |
| Total Amount (Rs. in Millions) | 130.6 | 103.8 |
| Average Rate | 25.0 | 22.5 |
| 3. Gas (for Steam) | | |
| Gas Units (in '000 M3) | 3,661 | 3,756 |
| Total Amount (Rs. in Millions) | 38.6 | 41.1 |
| Average Rate (Rs./Unit) | 10.5 | 11.0 |

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

- Improvisation and continuous monitoring of Power Factor and replacement of weak capacitors by conducting periodical checking of capacitors. We have been able to maintain the Power Factor near to unity (above 0.99) and thereby availing the rebate in electricity charges.
- Alternative energy sources like Gas & steam have been used in place of electricity for heating of De-mineralized water, fluid bed dryers for producing hot air systems for coating department and for making starch paste and for drying of Bulk Drugs in tray dryers. Steam from solvent recovery plant condensate recovery of steam diverted to Boiler Feed water / hot water tank.
- Installation of Lighting Transformer for lighting circuit.
- Installation of Cogeneration Power Plants at various locations to generate electricity and use waste heat from power plant to achieve overall best efficiency of electricity generation.
- Usage of renewable carbon nil green fuels in place of fossils fuels in boilers.
- Using refrigerated type air dryer instead of desiccant type to reduce air losses.
- Replaced LRP insulation to Puff insulation in all chilled water and brine pipe lines and improved chilling efficiency.
- In ETP , High pressure steam line was stopped in MSR area and given low pressure steam line and reduced steam consumption by more than 11 % than earlier year.



TECHNOLOGY ABSORPTION

A. Research and Development

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

We continue to be one of the most aggressive investors and developers of pharmaceutical research and technology in the country, with research programs to support our generic business pursued at our state of the art 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. The research activity supports the short, medium and long term business needs of the company.

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. This helps us maintain our leadership position in the Indian market with specialty formulations and derive market and cost advantage from API's 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 2008-09, more than 40 formulations were introduced across marketing divisions, (not including line extensions). All of these were based on technology developed in house. Technology for more than 30 API was commercialised. For some of the important API that we already manufacture, technology was refined so as to have more energy efficient or cost effective or environment friendly processes. 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 30 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 1 Clinical unit and ECG Core Laboratory for clinical studies and safety studies and the same is being expanded to more than 300 beds. Eighteen high capacity LCMS, fully computerised blood chemistry labs capable of comprehensive analysis have been in place for a year.



| 4. Expenditure on R&D | Year ended 31st March, 2009 | Year ended 31st March, 2008 |
|---|-----------------------------|-----------------------------|
| | Rs in Million | Rs in Million |
| a) Capital | 221.7 | 133.5 |
| b) Revenue | 1289.3 | 1310.4 |
| c) Total | 1511.0 | 1443.9 |
| d) Total R&D expenditure as % of Total Turnover | 6.4% | 6.1% |

B. Technology Absorption, Adaptation and Innovation

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

Year after year, Company continues to invest on R&D revenue as well as capex and a large part of the spend is for complex products, ANDA filings for the US, and API technologies that are complex and require dedicated manufacturing sites. Investments have been made in creating research sites, employing scientifically skilled manpower, adding equipment and upgrading continuously the exposure and research understanding of the scientific team in the therapy areas of our interest.

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 the broad spectrum of therapeutic classes. Strong pipeline of products for future introduction in India as well as in the US 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, 2009 | Year ended 31st March, 2008 |
|-------------|-----------------------------|-----------------------------|
| | Rs in Million | Rs in Million |
| 1. Earnings | 8281.1 | 8157.2 |
| 2. Outgo | 4258.9 | 3735.2 |



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 March 31, 2009, and also the Profit and Loss Account and the Cash flow statement for the year ended on that date 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 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose 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 Para 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 appears from our examination of those books;
 - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, 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 March 31, 2009
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Place: Mumbai
Date : May 30, 2009

(Membership No. 038568)

ANNEXURE TO THE AUDITORS' REPORT

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

Sun Pharmaceutical Industries Limited

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the year is such that clauses xiii, xiv, xviii, xix and xx of paragraph 4 of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
2. In respect of its fixed assets:
 - (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (ii) As explained to us, some of the fixed assets of the Company have been physically verified during the year by the management in accordance with a phased program of verification designed to cover all assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (iii) Although some of the fixed assets have been disposed off during the year, in our opinion and according to the information and explanations given to us, the ability of the company to continue as a going concern is not affected.
3. In respect of its inventories:
 - (i) As explained to us, inventories (excluding inventories lying with third parties) were physically verified by the management at reasonable intervals during the year. In respect of inventories lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verification is reasonable.
 - (ii) In our opinion and according to the information and explanations 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.
 - (iii) 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.
4. The Company had not granted or taken any loan, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control systems.
6. 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:
 - (i) The particulars of contract or arrangements referred to in Section 301 that needed to be entered into the register, maintained under the said section have been so entered.
 - (ii) Where each such transaction (excluding loans reported under paragraph 4 above) is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to prevailing market prices at the relevant time, except that reasonableness could not be ascertained where comparable quotations are not available having regards to the specialized nature of some of the transactions of the company.
7. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. No Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.



8. 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.
9. We have broadly reviewed the books of accounts and records maintained by the Company relating to manufacture of formulation and bulk drug products pursuant to the Order made by the Central Government for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 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 product of the Company.
10. According to the information and explanations given to us in respect of statutory dues:
- the Company has been regular in depositing undisputed statutory dues, including, 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 with the appropriate authorities during the year. There were no undisputed dues that were outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.
 - According to the information and explanations given to us, the details of disputed sales tax, income tax, service tax, custom duty and excise duty, which have not been deposited as at March 31, 2009 on account of any dispute, are as under:

| Statute & Nature of Dues | Financial Year to which the matter pertains | Forum where dispute is pending | Amount Rs. in Million |
|---------------------------------|--|---|-----------------------|
| The Central Excise Act | | | |
| Excise Duty, Interest & Penalty | 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 | Commissioner | 44.4 |
| | 1997-98, 1998-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 | Tribunal | 187.3 |
| | 1998-99 | High Court | 0.1 |
| | 2001-02 | Supreme Court | 0.2 |
| Customs Act, 1962 | | | |
| Custom Duty, Penalty & Interest | 2000-01 | Settlement Commission | 10.7 |
| Sales Tax Act | | | |
| Sales Tax, Interest and Penalty | 1994-95, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04 | Assistant / Deputy / Joint Commissioner | 6.0 |
| | 1988-89 to 1991-92, 1997-98, 1999-00, 2001-02 | Tribunal | 4.4 |
| | 1981-82 to 1985-86 | High Court | 0.7 |
| Income Tax Act | | | |
| Income tax and Interest | 1995-96, 2003-04 | Tribunal | 0.9 |
| | 2003-04 | Commissioner | 6.6 |
| Service Tax | | | |
| Service tax | 2005-06 | Commissioner | 1.9 |
| ESI Act | | | |
| Contribution and Interest | 1987 to 1992 | Appellate authority | 0.2 |
| DPCO | | | |
| DPEA and interest | 1981-1987 | DPLRC | 14.0 |

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



11. In our opinion and according to information and explanations given to us, the company does not have any accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
12. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has not obtained any borrowings by way of debentures.
13. In our opinion, the Company has maintained adequate documents and 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.
14. In our opinion and according to the information and explanation given to us, the terms and conditions of the guarantees given by the Company for loan taken by others from banks and financial institutions, are not prima facie prejudicial to the interest of the Company.
15. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained other than temporary deployment pending application.
16. 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.
17. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Place: Mumbai
Date : May 30, 2009

(Membership No. 038568)



BALANCE SHEET AS AT 31ST MARCH, 2009

| | Schedules | As at 31st March, 2009 | | As at 31st March, 2008 | |
|--|-----------|------------------------|-----------------|------------------------|-----------------|
| | | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 1,035.6 | | 1,035.6 | |
| Reserves and Surplus | 2 | 50,478.6 | 51,514.2 | 41,040.6 | 42,076.2 |
| Loan Funds | | | | | |
| Secured Loans | 3 | 236.0 | | 228.8 | |
| Unsecured Loans | 4 | — | 236.0 | 796.4 | 1,025.2 |
| Deferred Tax Liability (Net) | 5 | | 1,174.2 | | 1,129.4 |
| TOTAL | | | 52,924.4 | | 44,230.8 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | | | | | |
| Gross Block | 6 | 10,619.0 | | 9,350.3 | |
| Less: Depreciation / Amortisation / Impairment | | 3,626.4 | | 3,049.9 | |
| Net Block | | 6,992.6 | | 6,300.4 | |
| Capital Work-in-Progress (including advances on capital account) | | 759.5 | 7,752.1 | 334.3 | 6,634.7 |
| Investments | 7 | | 26,945.9 | | 19,431.2 |
| Current Assets, Loans and Advances | | | | | |
| Inventories | 8 | 4,867.4 | | 3,896.3 | |
| Sundry Debtors | 9 | 6,800.3 | | 10,554.4 | |
| Cash and Bank Balances | 10 | 12,654.7 | | 9,728.7 | |
| Other Current Assets | 11 | 381.3 | | 257.8 | |
| Loans and Advances | 12 | 2,674.6 | | 3,618.7 | |
| | | 27,378.3 | | 28,055.9 | |
| Less: Current Liabilities and Provisions | 13 | | | | |
| Current Liabilities | | 5,730.9 | | 7,263.1 | |
| Provisions | | 3,421.0 | | 2,627.9 | |
| | | 9,151.9 | | 9,891.0 | |
| Net Current Assets | | | 18,226.4 | | 18,164.9 |
| TOTAL | | | 52,924.4 | | 44,230.8 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS | | | | | |
| | 21 | | | | |

Schedules referred to herein form an integral part of the Financial Statements.

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. KATKI
Partner

Mumbai, 30th May, 2009

KAMLESH H. SHAH
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, 30th May, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | Schedules | Year ended 31st March, 2009 | | Year ended 31st March, 2008 | |
|--|-----------|-----------------------------|-----------------|-----------------------------|-----------------|
| | | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| INCOME | | | | | |
| Income from Operations | | | | | |
| Gross Sales | | 28,336.5 | | 24,273.5 | |
| Less: Excise Duty | | 639.0 | | 617.1 | |
| Net Sales | | 27,697.5 | | 23,656.4 | |
| Other Operating Income | 14 | 10,918.0 | | 7,834.1 | |
| | | 38,615.5 | | 31,490.5 | |
| Other Income | 15 | 1,821.2 | 40,436.7 | 1,276.2 | 32,766.7 |
| EXPENDITURE | | | | | |
| Cost of Materials / Goods | 16 | 19,098.8 | | 15,267.4 | |
| Indirect Taxes | 17 | 817.2 | | 648.7 | |
| Personnel Cost | 18 | 1,483.1 | | 1,202.0 | |
| Operating and Other Expenses | 19 | 4,205.6 | | 3,255.1 | |
| Research and Development Expenditure | 20 | 1,289.3 | | 1,310.4 | |
| Depreciation / Amortisation / Impairment | | 588.6 | 27,482.6 | 561.1 | 22,244.7 |
| PROFIT BEFORE TAXATION | | | 12,954.1 | | 10,522.0 |
| Provision for Taxation - Current Tax | | | 241.0 | | 330.9 |
| - Deferred Tax | | | 44.8 | | 36.2 |
| - Fringe Benefit Tax | | | 15.4 | | 14.5 |
| PROFIT AFTER TAX | | | 12,652.9 | | 10,140.4 |
| BALANCE OF PROFIT BROUGHT FORWARD | | | 11,287.9 | | 6,708.4 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | | 23,940.8 | | 16,848.8 |
| APPROPRIATIONS | | | | | |
| Proposed Dividend | | | | | |
| Equity Shares | | 2,847.9 | | 2,174.7 | |
| Dividend on Preference Shares | | — | | 0.5 | |
| Corporate Dividend Tax | | 484.0 | | 372.0 | |
| Proposed Dividend and Dividend distribution tax written back | | (117.0) | 3,214.9 | — | 2,547.2 |
| Transfer to General Reserve | | 4,500.0 | | 3,000.0 | |
| Transfer to Capital Redemption Reserve on Redemption of Preference Capital | | — | 4,500.0 | 13.7 | 3,013.7 |
| BALANCE OF PROFIT CARRIED TO BALANCE SHEET | | | 16,225.9 | | 11,287.9 |
| EARNINGS PER SHARE -(refer note B.12 (ii) of Schedule 21) | | | | | |
| Basic (Rs.) | | | 61.1 | | 50.9 |
| Diluted (Rs.) | | | 61.1 | | 49.0 |
| Face Value per Equity share - Rs.5 | | | | | |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS 21

Schedules referred to herein form an integral part of the Financial Statements.

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants**K. A. KATKI**
Partner

Mumbai, 30th May, 2009

KAMLESH H. SHAH
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, 30th May, 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

| | Year ended 31st March, 2009 Rs in Million | Year ended 31st March, 2008 Rs in Million |
|--|--|--|
| A. Cash Flow From Operating Activities: | | |
| Net Profit Before Tax | 12,954.0 | 10,522.0 |
| Adjustments for: | | |
| Depreciation / Amortisation / Impairment | 588.5 | 561.1 |
| Interest Expense | 27.7 | 50.6 |
| Interest Income | (1,187.3) | (1,119.6) |
| Dividend Income Rs.13,300 (Previous Year Rs. 13,300) | (0.0) | (0.0) |
| (Profit) / Loss On Fixed Assets Sold (net) | 5.6 | 1.0 |
| (Profit) / Loss on sale of Investments | (263.7) | (129.5) |
| Bad Debt Written off / back (net) | 9.5 | 26.4 |
| Sundry Balance Written off / back (net) | 22.1 | (12.2) |
| Provision for employee benefits | 5.9 | 6.4 |
| Unrealised Foreign Exchange (Gain) / Loss | (621.8) | 418.7 |
| Operating Profit Before Working Capital Changes | 11,540.5 | 10,324.9 |
| Adjustments for Changes In Working Capital : | | |
| Decrease / (Increase) in Sundry Debtors | 3,074.8 | (4,897.5) |
| Decrease / (Increase) in Other Receivables | 534.6 | (804.9) |
| Increase in Inventories | (971.1) | (562.5) |
| Increase/(Decrease) in Trade and Other Payables | (1,562.8) | 2,665.5 |
| Cash Generated From Operations | 12,616.0 | 6,725.5 |
| Taxes Paid (Net of TDS and Refund) | 8.9 | (464.2) |
| Net Cash Generated From Operating Activities | 12,624.9 | 6,261.3 |
| B. Cash Flow From Investing Activities: | | |
| Purchase of Fixed Assets / Capital Work in Progress / Capital Advances | (1,739.9) | (991.6) |
| Proceeds From Sale of Fixed Assets | 47.6 | 2.1 |
| Proceeds From Sale of Investments | 56,828.3 | 29,934.3 |
| Purchase of Investments | (62,945.1) | (37,665.5) |
| Amount paid pursuant to demerger | — | (244.9) |
| Loans/Inter Corporate Deposits Received back / (given) (net) | 360.5 | 486.7 |
| Interest Received | 844.9 | 1,044.0 |
| Dividend Received Rs.13,300 (Previous Year Rs. 13,300) | 0.0 | 0.0 |
| Net Cash Used in Investing Activities | (6,603.7) | (7,434.9) |
| C. Cash Flow From Financing Activities: | | |
| Repayment of ECB Loan | (796.4) | — |
| Redemption of Preference Share Capital | — | (13.7) |
| (Repayment to) / Borrowing from Bank (Net) | 7.2 | 24.9 |
| Interest Paid | (45.3) | (53.8) |
| Dividend Paid | (2,069.6) | (15.6) |
| Corporate Dividend Tax Paid | (352.6) | (2.4) |
| Net Cash used in Financing Activities | (3,256.7) | (60.6) |
| Net Increase / (Decrease) In Cash and Cash Equivalents | 2,764.5 | (1,234.2) |
| Cash and Cash Equivalents as at the beginning of the year | 9,773.1 | 11,007.3 |
| Cash and Cash Equivalents as at the year end | 12,537.6 | 9,773.1 |



| | Year ended 31st March, 2009 Rs in Million | Year ended 31st March, 2008 Rs in Million |
|---|--|--|
| Cash and Cash Equivalents Comprise: | | |
| Cash and Cheques on hand and balances with Scheduled / Other banks (Refer Schedule 10 to the Financial Statements) | 12,654.7 | 9,728.7 |
| Unrealised exchange (Gain) / Loss | (117.1) | 44.4 |
| Cash and Cash equivalents at the end of the year | 12,537.6 | 9,773.1 |

Notes:

- 1 Cash and cash equivalents includes Rs.18.6 Million (Previous Year Rs.13.8 Million) on account of Unclaimed dividend, which are not available for use by the Company.
- 2 During the year, Investment of Rs 858.4 Million (Previous Year Rs.Nil), has been assigned in favour of the company in satisfaction of receivables and being a non cash transaction has been excluded from the cash flow statement.
- 3 Previous year's figures are regrouped / reclassified wherever necessary in order to confirm to current year's groupings and classifications.

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. KATKI
Partner

Mumbai, 30th May, 2009

KAMLESH H. SHAH
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, 30th May, 2009



SCHEDULES TO THE FINANCIAL STATEMENTS

| | As at 31st March, 2009 Rs in Million | As at 31st March, 2008 Rs in Million |
|---|---|---|
| SCHEDULE 1 : SHARE CAPITAL | | |
| Authorised | | |
| 300,000,000 (Previous Year 295,000,000) Equity Shares of Rs. 5 each | 1,500.0 | 1,475.0 |
| Nil (Previous Year 25,000,000) Preference Shares of Re.1 each (refer note B.18 of Schedule 21) | — | 25.0 |
| | <u>1,500.0</u> | <u>1,500.0</u> |
| Issued, Subscribed and Paid Up | | |
| 207,116,391 (Previous Year 207,116,391) Equity Shares of Rs. 5 each | 1,035.6 | 1,035.6 |
| | <u>1,035.6</u> | <u>1,035.6</u> |

Notes:

Of the above :

- 1) 161,630,010 Equity shares were allotted as fully paid Bonus Shares by capitalisation of Securities Premium Account, Profit and Loss Account, Amalgamation Reserve and Capital Redemption Reserve Account, without payment being received in cash.
- 2) 413,633; 208,000; 477,581; 11,438; 18,519 and 19,771 Equity Shares of Rs.10 and 4274 Equity Shares of Rs. 5 each fully paid, were 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) 187,177,232 6% Cumulative Redeemable Preference Shares of Re.1 each allotted as fully paid bonus shares, to the equity shareholders, by capitalisation of Capital Redemption Reserve. During the year Nil (Previous Year 13,740,030) Preference shares were redeemed at par. With this all Preference Shares stands fully redeemed.
- 4) 21,600,761 Equity Shares of Rs. 5 each were allotted to the holders of Zero Coupon Foreign Currency Convertible Bond on exercise of conversion option.

| | As at 31st March, 2009 Rs in Million | As at 31st March, 2008 Rs in Million | As at 31st March, 2008 Rs in Million |
|--|---|---|---|
| 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 | 5,165.9 | |
| Add : Received during the year | — | 9,933.2 | 15,099.1 |
| | <u>15,099.1</u> | <u>9,933.2</u> | |
| Capital Redemption Reserve | | | |
| As per last Balance Sheet | 154.5 | 140.8 | |
| Add : Transferred from Profit and Loss Account | — | 13.7 | 154.5 |
| | <u>154.5</u> | <u>13.7</u> | |
| General Reserve | | | |
| As per last Balance Sheet | 14,240.0 | 11,240.0 | |
| Add : Transferred from Profit and Loss Account | 4,500.0 | 3,000.0 | 14,240.0 |
| | <u>18,740.0</u> | <u>3,000.0</u> | |
| Surplus As Per Profit And Loss Account | | | |
| | <u>16,225.9</u> | | 11,287.9 |
| | <u>50,478.6</u> | | <u>41,040.6</u> |

SCHEDULES TO THE FINANCIAL STATEMENTS

| | As at 31st March, 2009 Rs in Million | As at 31st March, 2008 Rs in Million |
|---|---|---|
| SCHEDULE 3 : SECURED LOANS | | |
| Short Term Loan from Banks (Secured by hypothecation of inventories and book debts.) | 236.0 | 228.8 |
| | <u>236.0</u> | <u>228.8</u> |

SCHEDULE 4 : UNSECURED LOANS**Long Term**

| | | |
|--|---|-------|
| External Commercial Borrowings in foreign currency from Banks * | — | 796.4 |
| * includes repayable within one year Rs. Nil (Previous Year Rs. 796.4 Million) | | |

SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)

Deferred Tax Assets

Unpaid Liabilities Allowable on payment basis U/s 43B of
Income Tax Act,1961

| | | |
|--------|-------------|-------------|
| | 33.4 | 30.6 |
| Others | 24.9 | 34.2 |
| | <u>58.3</u> | <u>64.8</u> |

Deferred Tax Liability

Depreciation on Fixed Assets

| | | |
|--|----------------|----------------|
| | 1,232.5 | 1,194.2 |
| | <u>1,174.2</u> | <u>1,129.4</u> |

SCHEDULE 6 : FIXED ASSETS

Rs in Million

| Particulars | Gross Block (At Cost) | | | | Depreciation / Amortisation / Impairment | | | | Net Block | |
|--|-----------------------|--------------------|--------------------|-------------------|--|-------------------|--------------------------------|-------------------|-------------------|-------------------|
| | As At 01.04.08 | Additions 08-09 | Deletions 08-09 | As at 31.03.09 | As at 01.04.08 | For year 08-09 | Written back/ Deleted 08-09 | As at 31.03.09 | As at 31.03.09 | As at 31.03.08 |
| I. TANGIBLE ASSETS | | | | | | | | | | |
| Freehold Land | 23.9 | 14.8 | — | 38.7 | — | — | — | — | 38.7 | 23.9 |
| Leasehold Land | 39.2 | — | — | 39.2 | 3.2 | 0.4 | — | 3.6 | 35.6 | 36.0 |
| Buildings | 1,993.0 | 149.3 | 1.8 | 2,140.5@ | 326.6 | 53.3 | 0.3 | 379.6 | 1,760.9 | 1,666.4 |
| Plant and Machinery | 6,531.7 | 1,075.5 | 43.9 | 7,563.3 | 2,325.2© | 484.1 | 1.6 | 2,807.7 | 4,755.6 | 4,206.5 |
| Vehicles | 100.5 | 56.5 | 19.6 | 137.4 | 38.5 | 12.4 | 10.2 | 40.7 | 96.7 | 62.0 |
| Furniture and Fixtures | 217.4 | 37.9 | — | 255.3 | 81.9 | 14.3 | — | 96.2 | 159.1 | 135.5 |
| Sub-Total | 8,905.7 | 1,334.0 | 65.3 | 10,174.4 | 2,775.4 | 564.5 | 12.1 | 3,327.8 | 6,846.6 | 6,130.3 |
| II. INTANGIBLE ASSETS | | | | | | | | | | |
| Trademarks, Designs and Other Intangible Assets | 444.6 | — | — | 444.6 | 274.5 | 24.1 | — | 298.6 | 146.0 | 170.1 |
| Sub-Total | 444.6 | — | — | 444.6 | 274.5 | 24.1 | — | 298.6 | 146.0 | 170.1 |
| TOTAL-I + II | 9,350.3 | 1,334.0 | 65.3 | 10,619.0 | 3,049.9 | 588.6 | 12.1 | 3,626.4 | 6,992.6 | 6,300.4 |
| Previous Year | 8,387.0 | 971.7 | 8.4 | 9,350.3 | 2,494.1 | 561.1 | 5.3 | 3,049.9 | 6,300.4 | |
| | | | | | | | | | 759.5 | 334.3 |
| | | | | | | | | | 7,752.1 | 6,634.7 |

Capital Work-in-Progress (including advances on capital account)

NOTES :

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

© Includes Rs. 13.5 Million on account of Impairment.



SCHEDULES TO THE FINANCIAL STATEMENTS

| | As at 31st March, 2009 | | As at 31st March, 2008 | |
|--|------------------------|---------------|------------------------|---------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| SCHEDULE 7 : INVESTMENTS | | | | |
| (I) LONG TERM INVESTMENTS (At Cost) | | | | |
| A) Government Securities | | | | |
| National Savings Certificates | | 0.0 | | 0.1 |
| Rs. 15,000 (Previous Year Rs. 65,000) | | | | |
| (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 Rs.10 each fully paid up. | | | | |
| C) Other Investments | | | | |
| a) In Bonds | | | | |
| Quoted | | | | |
| US64 Bonds | | — | | 42.2 |
| Nil (Previous Year 399,734) | | | | |
| Units of Rs. 100 each | | | | |
| Market Value Rs. Nil (Previous Year Rs 40.2 Million) | | | | |
| Unquoted | | | | |
| National Housing Bank Bonds | | 21.8 | | 21.8 |
| 2,180 (Previous Year 2,180) | | | | |
| Units of Rs. 10,000 each fully paid | | | | |
| Rural Electrification Corporation Ltd Bonds | | 5.0 | | 9.9 |
| 500 (Previous Year 985) | | | | |
| Units of Rs.10,000 each fully paid | | | | |
| Barclays Investments & Loans (India) | | 250.0 | | — |
| 250 (Previous Year Nil) | | | | |
| Units of Rs.1,000,000 each fully paid | | | | |
| HDFC Bank Ltd. | | 250.0 | | — |
| 250 (Previous Year Nil) | | | | |
| Units of Rs.1,000,000 each fully paid | | | | |
| Deutsche Bank Ag , London | | 1,271.3 | | 995.5 |
| 2,500,000 (Previous Year 2,500,000) | | | | |
| notes of USD 100 each | | | | |
| (refer note B.17 of Schedule 21) | | | | |
| b) In Subsidiary Companies | | | | |
| Quoted | | | | |
| Caraco Pharmaceutical Laboratories Ltd.USA | | 303.9 | | 303.9 |
| 8,382,666 (Previous Year 8,382,666) | | | | |
| fully paid Common Shares of No Par Value | | | | |
| Market Value Rs.1,500.4 Million | | | | |
| (Previous Year Rs. 5,991.7 Million) | | | | |

SCHEDULES TO THE FINANCIAL STATEMENTS

| | As at 31st March, 2009 | | As at 31st March, 2008 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| Unquoted | | | | |
| Zao Sun Pharma Industries Ltd. Russia 1,000 (Previous Year 1,000) Shares of Rubles 20 each fully paid | | 0.2 | | 0.2 |
| Sun Pharma Global Inc. BVI 1,224,560 (Previous Year 1,224,560) Shares of US \$ 1 each fully paid | | 5,065.4 | | 5,065.4 |
| Sun Pharma Global Inc. BVI 500,000 (Previous Year 1,000,000) 0% Optionally Fully Convertible Debentures of US\$100 each fully paid | | 2,249.3 | | 4,481.4 |
| Sun Farmaceutica Ltda, Brazil 829,288 (Previous Year 336,538) quota of Capital Stock of Real (R\$) 1 each fully paid. | | 18.3 | | 5.2 |
| 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. (Rs. 21,734 (Previous Year Rs.21,734)) 149 (Previous Year 149) Ordinary Shares of Soles 10 each fully paid | | 0.0 | | 0.0 |
| SPIL DE Mexico SA DE CV 100 (Previous Year 100) Nominative and free Shares of \$500 Mexican Pesos each fully paid | | 0.2 | | 0.2 |
| OOO "Sun Pharmaceutical Industries" Ltd. Par value stock of 49,500 Rubles (Previous Year 49,500 Rubles) | | 0.1 | | 0.1 |
| | | <u>7,405.1</u> | | <u>9,624.1</u> |
| c) In Capital of Partnership Firm | | | | |
| Sun Pharma Exports* | | 4.4 | | 3.7 |
| Sun Pharmaceutical Industries** | | 9,358.8 | | 7,411.9 |
| Sun Pharma - Sikkim*** | | 86.1 | | — |
| | | <u>9,449.3</u> | | <u>7,415.6</u> |
| d) In Equity Shares | | | | |
| Ramin Developers Pvt Ltd Nil (Previous Year 200) Equity Shares of Rs.100 each fully paid (pending registration) | | — | | 2.1 |
| e) In Mutual Fund (Units of Face Value of Rs. 10 Each) | | | | |
| Unquoted | | | | |
| DBS Cholamandalam Asset Management-C296 DBS Chola FMP Series 9 (13Months Plan)-Institutional-Cumulative 20,000,000 (Previous Year Nil) Units | | 200.0 | | — |
| HDFC Mutual Fund-HDFC FMP 370D June 2008(VIII)(2)- Wholesale Growth 25,000,000 (Previous Year Nil) Units | | 250.0 | | — |
| Lotus Mutual Fund- Z411G FMP-16 Month-Series I-Ins-Growth Nil (Previous Year 5,000,000) Units | | — | | 50.0 |
| UTI-Fixed Term Income Fund Series V-I (13 Months)- Institutional Growth Plan 50,000,000 (Previous Year Nil) Units | | 500.0 | | — |
| Total (I) | | <u><u>19,907.4</u></u> | | <u><u>18,466.2</u></u> |



SCHEDULES TO THE FINANCIAL STATEMENTS

| | As at 31st March, 2009 | | As at 31st March, 2008 | |
|---|------------------------|-----------------|------------------------|-----------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| (II) CURRENT INVESTMENTS (At lower of cost and Net realisable value) | | | | |
| Unquoted | | | | |
| In Mutual Fund (Units of Face Value of Rs. 10 Each) | | | | |
| Birla Sun Life Mutual Fund - Birla Cash Plus-Instl.Prem-Growth 106,657,565 (Previous Year 36,008,549) Units | | 1,500.0 | | 465.0 |
| Deutsche Mutual Fund-DWS Insta Cash Plus Fund Super Instl-Growth 87,592,520 (Previous Year 47,733,152) Units | | 1,000.0 | | 500.0 |
| Deutsche Mutual Fund - DWS FTF - Series 51 - IP - Growth 20,000,000 (Previous Year Nil) Units | | 211.2 | | — |
| UTI Mutual Fund-UTI FTIF - Series IV - Plan 10 - IP - Growth 25,000,000 (Previous Year Nil) Units | | 270.1 | | — |
| Reliance Mutual Fund-Reliance FHF 9 - Series 6 - IP - Growth 20,000,000 (Previous Year Nil) Units | | 215.4 | | — |
| Sundaram BNP Paribas Mutual Fund-Sundaram BNP Paribas FTP - Plan H (13 Months) - IP - Growth 15,000,000 (Previous Year Nil) Units | | 161.7 | | — |
| Fidelity International -Fidelity Ultra Short Term Debt Fund Super Instl-Growth 13,220,012 (Previous Year Nil) Units | | 150.0 | | — |
| ICICI Prudential Mutual Fund-311SG ICICI Prudential Institutional Liquid Plan Super Institutional Growth 77,001,263 (Previous Year Nil) Units | | 1,000.0 | | — |
| DBS Cholamandalam Asset Management-C122 DBS Chola Freedom Income STP-Inst-Cum-Org 35,415,651 (Previous Year Nil) Units | | 500.1 | | — |
| Religare Mutual Fund-Religare Liquid Fund-Super Institutional Growth 41,370,523 (Previous Year Nil) Units | | 500.0 | | — |
| HDFC Mutual Fund-3017/HDFC Liquid Fund-Premium Plus Plan-Growth 58,322,575 (Previous Year Nil) Units | | 1,030.0 | | — |
| SBI Mutual Fund-L031SBI-Magnum Insta Cash Fund-Cash Option 25,454,490 (Previous Year Nil) Units | | 500.0 | | — |
| | Total (II) | 7,038.5 | | 965.0 |
| | Total (I+II) | 26,945.9 | | 19,431.2 |

| AGGREGATE VALUE OF INVESTMENT | As at 31st March, 2009 | | As at 31st March, 2008 | |
|--|------------------------|----------------|------------------------|----------------|
| | Book Value | Market Value | Book Value | Market Value |
| Quoted | 303.9 | 1,500.4 | 346.1 | 6,031.9 |
| Unquoted | 26,642.0 | | 19,085.1 | |
| *Partners | Share | Capital | | Capital |
| Sun Pharmaceutical Industries Limited. | 80% | 4.4 | | 3.7 |
| Solapur Organics Private Limited. Rs (81) (Previous Year Rs 19) | 10% | 0.0 | | 0.0 |
| Dilip S. Shanghvi Rs 619 (Previous Year Rs 719) | 10% | 0.0 | | 0.0 |
| **Partners | Share | Capital | | Capital |
| Sun Pharmaceutical Industries Limited. | 97.5% | 9,358.8 | | 7,411.9 |
| Sun Pharmaceutical Industries Key Employees' Benefit Trust | 2.5% | 71.1 | | 410.7 |

SCHEDULES TO THE FINANCIAL STATEMENTS

| | As at 31st March, 2009 | | As at 31st March, 2008 | |
|--|------------------------|---------------|------------------------|---------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| ***Partners | Share | Capital | | Capital |
| Sun Pharmaceutical Industries Limited. | 97.5% | 86.1 | | — |
| Sun Pharmaceutical Industries Key Employees' Benefit Trust Rs (913) (Previous Year Nil) | 2.0% | 0.0 | | — |
| Sun Pharma Advanced Research Company Limited Key Employees' Benefit Trust Rs (228) (Previous Year Nil) | 0.5% | 0.0 | | — |

SCHEDULE 8 : INVENTORIES

| | | | | |
|--------------------|---------|----------------|---------|----------------|
| Consumables Stores | | 133.5 | | 131.6 |
| Stock in Trade | | | | |
| Raw Materials | 2,056.7 | | 1,489.2 | |
| Packing Materials | 355.2 | | 191.3 | |
| Finished Goods | 964.9 | | 805.4 | |
| Work-in-Progress | 1,357.1 | 4,733.9 | 1,278.8 | 3,764.7 |
| | | <u>4,867.4</u> | | <u>3,896.3</u> |

SCHEDULE 9 : SUNDRY DEBTORS

(Unsecured-Considered Good, unless stated otherwise)
(refer note B.12 (i) of Schedule 21)

| | | | | |
|------------------------------------|------|----------------|------|-----------------|
| Over Six Months | | | | |
| Considered Good | | 557.2 | | 498.6 |
| Considered Doubtful | 63.6 | | 91.1 | |
| Less: Provision for Doubtful Debts | 63.6 | — | 91.1 | — |
| Other Debts | | 6,243.1 | | 10,055.8 |
| | | <u>6,800.3</u> | | <u>10,554.4</u> |

SCHEDULE 10 : CASH AND BANK BALANCES

| | | | | |
|--|----------|-----------------|---------|----------------|
| Cash / Cheques on hand | | 5.2 | | 2.2 |
| Balances with Banks | | | | |
| Scheduled Banks | | | | |
| Current Accounts | 187.0 | | 227.7 | |
| Deposit Accounts {Pledged Rs. 30.3 Million (Previous Year Rs. 1.8 Million)} | 12,057.5 | 12,244.5 | 9,150.5 | 9,378.2 |
| Other Banks (refer note B.14 of Schedule 21) | | | | |
| Current Accounts | 9.5 | | 3.0 | |
| Deposit Accounts | 395.5 | 405.0 | 345.3 | 348.3 |
| | | <u>12,654.7</u> | | <u>9,728.7</u> |

SCHEDULE 11 : OTHER CURRENT ASSETS

| | | | | |
|----------------------------------|--|--------------|--|--------------|
| Interest accrued on - Investment | | 6.1 | | 5.8 |
| - Deposits | | 375.2 | | 252.0 |
| | | <u>381.3</u> | | <u>257.8</u> |



SCHEDULES TO THE FINANCIAL STATEMENTS

| | As at 31st March, 2009 | | As at 31st March, 2008 | |
|---|------------------------|----------------|------------------------|----------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| SCHEDULE 12 : LOANS AND ADVANCES | | | | |
| (Unsecured-Considered Good, unless stated otherwise) | | | | |
| Advances and loans to subsidiaries (refer note B.15 (a) of Schedule 21) | | 576.9 | | 1,061.1 |
| Loans to Employees / Others {Secured Loans Rs.160.0 Million (Previous Year Rs. Nil)} | | | | |
| Considered Good | | 233.0 | | 60.2 |
| Considered Doubtful | 9.5 | | 9.5 | |
| Less: Provision for Doubtful Loans / Advances | 9.5 | — | 9.5 | — |
| Advances Recoverable in Cash or in Kind or for Value to be received | | 200.4 | | 732.0 |
| Advances to Suppliers | | 249.9 | | 415.6 |
| Balances with Central Excise and Customs | | 685.0 | | 585.0 |
| DEPB and Advance Licence | | 131.3 | | 131.2 |
| Other Deposits | | 79.9 | | 70.5 |
| Advance Payment of Income Tax {Net of Provision Rs. 694.4 Million (Previous Year Rs. 453.5 Million)} | | 518.2 | | 563.1 |
| | | 2,674.6 | | 3,618.7 |

SCHEDULE 13 : CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

| | | | | |
|--|--|----------------|--|----------------|
| Sundry Creditors | | | | |
| Due to Micro, Small and Medium Enterprises (refer note B.11 of Schedule 21) | | 2.1 | | — |
| Others | | 4,775.8 | | 6,464.8 |
| Advance from Customers | | 104.6 | | 62.0 |
| Security Deposits | | 18.4 | | 19.3 |
| Investor Education and Protection Fund shall be credited by | | | | |
| Unclaimed Dividend (not due) | | 19.5 | | 14.4 |
| Other Liabilities | | 810.5 | | 685.0 |
| Interest accrued but not due on Loans | | — | | 17.6 |
| | | 5,730.9 | | 7,263.1 |
| Provisions | | | | |
| Provision for Fringe Benefit Tax Net of Advance Tax Rs.48.8 Million (Previous Year Rs. 12.6 Million) | | 0.6 | | 1.0 |
| Proposed Dividend- Equity Shares | | 2,847.9 | | 2,174.7 |
| | | 2,848.5 | | 2,175.7 |
| Corporate Dividend Tax | | 484.0 | | 369.6 |
| Provision for employee benefits | | 88.5 | | 82.6 |
| | | 3,421.0 | | 2,627.9 |
| | | 9,151.9 | | 9,891.0 |

| | Year ended 31st March, 2009 | | Year ended 31st March, 2008 | |
|--|-----------------------------|---------------|-----------------------------|---------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |

SCHEDULE 14 : OTHER OPERATING INCOME

| | | | | |
|---------------------------------------|--|-----------------|--|----------------|
| Share of Income from Partnership Firm | | 10,918.0 | | 7,834.1 |
| | | 10,918.0 | | 7,834.1 |

SCHEDULE 15 : OTHER INCOME

| | | | | |
|---|--|----------------|--|----------------|
| Lease Rental and Hire Charges-TDS Rs. 0.4 Million (Previous Year Rs.Nil) | | 19.7 | | 5.7 |
| Interest Income (Net) (refer note B.5 of Schedule 21) TDS Rs.220.7 Million (Previous Year Rs. 145.6 Million) | | 1,158.9 | | 1,068.5 |
| Profit on Sale of Current Investments | | 263.7 | | 129.5 |
| Insurance Claims | | 4.7 | | 6.5 |
| Sundry Balance Written Back (Net) | | — | | 11.9 |
| Dividend Income Rs.13,300 (Previous Year Rs. 13,300) | | 0.0 | | 0.0 |
| Miscellaneous Income-TDS Rs. 0.5 Million (Previous Year Rs. 0.5 Million) | | 374.2 | | 54.1 |
| | | 1,821.2 | | 1,276.2 |

SCHEDULES TO THE FINANCIAL STATEMENTS

| | Year ended 31st March, 2009 | | Year ended 31st March, 2008 | |
|---|-----------------------------|-----------------|-----------------------------|-----------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| SCHEDULE 16 : COST OF MATERIALS / GOODS | | | | |
| Inventory of Raw & Packing material at the beginning of the year | 1,680.5 | | 1,296.0 | |
| Purchases during the year - Raw & Packing Material | 7,361.3 | | 6,247.5 | |
| - Finished Goods | 12,706.7 | | 9,578.2 | |
| Inventory of Raw & Packing material at the end of the year | (2,411.9) | 19,336.6 | (1,680.5) | 15,441.2 |
| Inventory of Finished Goods and Work-in-Progress at the beginning of the year | 2,084.2 | | 1,910.4 | |
| Inventory of Finished Goods and Work-in-Progress at the end of the year | (2,322.0) | | (2,084.2) | |
| (Increase) / Decrease of Finished Goods and Work-in-Progress | | (237.8) | | (173.8) |
| | | <u>19,098.8</u> | | <u>15,267.4</u> |
| SCHEDULE 17 : INDIRECT TAXES | | | | |
| Sales Tax | | 817.2 | | 648.7 |
| | | <u>817.2</u> | | <u>648.7</u> |
| SCHEDULE 18 : PERSONNEL COST | | | | |
| Salaries, Wages, Bonus and Benefits | | 1,255.2 | | 1,019.4 |
| Contribution to Provident and Other Funds | | 101.9 | | 81.3 |
| Staff Welfare Expenses | | 126.0 | | 101.3 |
| | | <u>1,483.1</u> | | <u>1,202.0</u> |
| SCHEDULE 19 : OPERATING AND OTHER EXPENSES | | | | |
| Stores and Spares Consumed | | 282.3 | | 204.9 |
| Manufacturing Charges | | 247.7 | | 195.4 |
| Power and Fuel | | 504.4 | | 373.6 |
| Rent | | 6.5 | | 4.3 |
| Rates and Taxes | | 13.6 | | 9.7 |
| Insurance | | 28.9 | | 15.7 |
| Selling and Distribution | | 1,280.9 | | 1,033.6 |
| Commission and Discount | | 272.6 | | 215.7 |
| Repairs | | | | |
| Building | 38.4 | | 22.2 | |
| Plant and Machinery | 191.6 | | 156.7 | |
| Others | 64.2 | 294.2 | 48.9 | 227.8 |
| Printing and Stationery | | 22.2 | | 22.7 |
| Travelling and Conveyance | | 93.6 | | 91.3 |
| Overseas Travel and Export Promotion | | 681.6 | | 602.4 |
| Communication | | 38.7 | | 36.8 |
| Provision for Doubtful Debts | | 9.5 | | 26.4 |
| Sundry Balances/Bad Debts written off (Net) | 59.9 | | — | — |
| Less : Adjusted out of Provision of earlier years | 37.0 | 22.9 | — | — |
| Professional and Consultancy | | 302.1 | | 97.3 |
| Donations | | 0.1 | | 10.3 |
| Loss on Sale of Fixed Assets (Net) | | 4.7 | | 0.7 |
| Excise duty on stock (.) | | (49.0) | | (28.7) |
| Auditors' Remuneration (net of service tax) | | | | |
| As Auditor | 6.0 | | 5.1 | |
| Other Services | 0.1 | | 0.1 | |
| Out of Pocket Expenses | 0.1 | 6.2 | 0.1 | 5.3 |
| Miscellaneous expenses | | 141.9 | | 109.9 |
| | | <u>4,205.6</u> | | <u>3,255.1</u> |

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



SCHEDULES TO THE FINANCIAL STATEMENTS

| | Year ended 31st March, 2009 | | Year ended 31st March, 2008 | |
|---|-----------------------------|----------------|-----------------------------|----------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| SCHEDULE 20 : RESEARCH AND DEVELOPMENT EXPENDITURE | | | | |
| Salaries, Wages, Bonus and Benefits | | 270.1 | | 200.0 |
| Contribution to Provident and Other Funds | | 13.1 | | 10.4 |
| Staff Welfare Expenses | | 27.2 | | 23.2 |
| Raw Material, Stores and Spares Consumed | | 403.9 | | 323.8 |
| Power and Fuel | | 15.2 | | 12.2 |
| Rates and Taxes | | 4.3 | | 4.9 |
| Insurance | | 1.4 | | 2.7 |
| Repairs | | | | |
| Building | 7.6 | | 12.8 | |
| Plant and Machinery | 77.2 | | 35.4 | |
| Others | 13.8 | 98.6 | 10.8 | 59.0 |
| Printing and Stationery | | 9.0 | | 8.7 |
| Travelling and Conveyance | | 11.1 | | 9.2 |
| Communication | | 15.3 | | 15.2 |
| Professional and Consultancy | | 230.1 | | 542.5 |
| Loss on Sale of Fixed Assets (Net) | | 0.9 | | 0.3 |
| Miscellaneous Expenses | | 213.1 | | 162.9 |
| | | 1,313.3 | | 1,375.0 |
| Less | | | | |
| Interest Income | 0.7 | | 0.5 | |
| Realisations from Product | 19.7 | | 62.9 | |
| Misc. Income | 2.8 | | 0.9 | |
| Bad debt Recovered / Sundry balances written Back | 0.8 | 24.0 | 0.3 | 64.6 |
| | | 1,289.3 | | 1,310.4 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009**SCHEDULE 21 :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 Rs.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. 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 Sales tax, delayed payment charges, consignment sales and are stated net of returns.

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 (absorption costing) on FIFO basis and net realisable value.

VIII Research and Development

All revenue expenditure related to Research and Development are charged to the respective heads in the Profit and Loss Account.

IX Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates 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 for the forward contract. The exchange differences arising on settlement / translation are recognised in the Profit and Loss Account.

X Taxes on Income

Provision for taxation comprises of Current Tax, Deferred Tax and Fringe Benefit 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. The Fringe Benefits tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961.



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

XI 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 company rules.

XII 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.

XIII 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.

XIV 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 recoverable amount.

B NOTES TO FINANCIAL STATEMENTS

| | As at 31st March, 2009 Rs in Million | As at 31st March, 2008 Rs in Million |
|---|---|---|
| 1 CONTINGENT LIABILITIES NOT PROVIDED FOR | | |
| Guarantees Given by the bankers on behalf of the Company | 89.6 | 68.3 |
| Corporate Guarantees | 91.2 | 101.7 |
| Letters of Credit for Imports | 399.6 | 158.6 |
| Liabilities Disputed - Appeals filed with respect to : | | |
| Income Tax on account of Disallowances / Additions | 154.1 | 147.0 |
| Sales Tax on account of Rebate / Classifications | 11.6 | 29.4 |
| Excise Duty on account of Valuation / Cenvat Credit | 242.8 | 198.7 |
| Service Tax on account of Import of Services | 1.9 | — |
| ESIC Contribution on account of applicability | 0.2 | 0.3 |
| 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 | 10.7 | 10.3 |
| Other Claims against the Company not acknowledged as debts | 6.5 | 3.2 |
| 2 Estimated amount of contracts remaining to be executed on capital account [net of advances]. | 320.6 | 216.5 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

| | Year ended 31st March, 2009 | | Year ended 31st March, 2008 | |
|--|-----------------------------|------------------------|-----------------------------|------------------------|
| | Rs in Million | Rs in Million | Rs in Million | Rs in Million |
| 3 REMUNERATION TO DIRECTORS | | | | |
| Managerial Remuneration U/s 198 of The Companies Act, 1956 | | | | |
| Salaries and Allowances | | 28.1 | | 24.4 |
| Contribution to Provident and Other Funds | | 2.8 | | 2.5 |
| Perquisites and Benefits | | 0.2 | | 0.3 |
| Commission | | 3.4 | | 3.4 |
| Total | | 34.5 | | 30.6 |
| 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 | | 12,954.1 | | 10,522.0 |
| Add : Depreciation as per Accounts | 588.6 | | 561.1 | |
| Loss on Sale of Fixed Assets | 5.8 | | 1.4 | |
| Managerial Remuneration | 34.5 | | 30.6 | |
| Directors Sitting Fees | 0.2 | | 0.2 | |
| Sundry Balances Written Off / Bad Debts Written off | 30.4 | | 9.3 | |
| Provision for doubtful debt / Advances | 9.5 | 669.0 | 26.4 | 629.0 |
| Less: Depreciation as per Section 350 of Companies Act 1956 | 588.6 | | 561.1 | |
| Profit on Sale of Fixed Assets | 0.2 | | 0.4 | |
| Profit on Sale of Investments | 263.7 | | 129.5 | |
| Sundry Balances Written Back | 8.3 | | 21.5 | |
| | | 860.8 | | 712.5 |
| Net Profit | | 12,762.3 | | 10,438.5 |
| Remuneration payable to Wholetime Directors including Managing Director | | | | |
| Maximum payable @ 10% of Net Profit as per Companies Act, 1956 | | 1,276.2 | | 1,043.9 |
| Maximum payable as approved by the Share holders | | 63.0 | | 40.8 |
| Actual paid as approved by the Board | | 31.1 | | 27.2 |
| Commission payable to Non Executive Directors | | | | |
| Maximum payable @ 1% of Net Profit as per Companies Act, 1956 | | 127.6 | | 104.4 |
| Maximum payable @ 0.25% (previous year @ 0.50%) of Net Profit as approved by the Share holders | | 31.9 | | 52.2 |
| Actual paid as approved by the Board | | 3.4 | | 3.4 |
| 4 RESEARCH AND DEVELOPMENT EXPENDITURE | | | | |
| Revenue | | 1,289.3 | | 1,310.4 |
| Capital | | 221.7 | | 133.5 |
| 5 Net Interest income Rs.1,159.6 Million (Previous Year Rs. 1,069.0 Million) includes : | | | | |
| Interest income | | | | |
| Bank Deposits | | 1,136.1 | | 1,093.9 |
| Loan | | 44.6 | | 4.8 |
| Others | | 6.6 | | 20.9 |
| | | 1,187.3 | | 1,119.6 |
| Interest Expense | | | | |
| Fixed Loans | | 23.6 | | 46.9 |
| Others | | 4.1 | | 3.7 |
| | | 27.7 | | 50.6 |
| 6 INFORMATION RELATING TO CONSUMPTION OF MATERIALS | | | | |
| Raw Materials and Packing Materials | Quantity | Value Rs in Million | Quantity | Value Rs in Million |
| Raw Materials- (in '000 KGs) | 11,464.0 | 6,267.7 | 13,391.1 | 5,552.4 |
| Raw Materials-(In Kilo Litres) | 24,695.7 | | 26,340.0 | |
| Packing/Other Materials | * | 362.2 | * | 310.6 |
| Total | | 6,629.9 | | 5,863.0 |

*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, 2009

| | Year ended 31st March, 2009 | | Year ended 31st March, 2008 | |
|-------------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | % | Rs in Million | % | Rs in Million |
| Imported and Indigenous | | Value | | Value |
| Raw Materials and Packing Materials | | | | |
| Imported | 41.63 | 2,760.1 | 40.06 | 2,348.9 |
| Indigenous | 58.37 | 3,869.8 | 59.94 | 3,514.1 |
| Total | 100.00 | 6,629.9 | 100.00 | 5,863.0 |
| Stores and Spares | | | | |
| Imported | 0.89 | 2.5 | 1.12 | 2.3 |
| Indigenous | 99.11 | 279.8 | 98.88 | 202.6 |
| Total | 100.00 | 282.3 | 100.00 | 204.9 |

7 INFORMATION RELATING TO LICENSED CAPACITY AND PRODUCTION

| | | |
|---|-----------------------|----------------|
| Formulation (Tablets/Capsules/Parenterals/Ointments) (Nos in Million) | | |
| Licensed Capacity | Not Applicable | Not Applicable |
| Installed Capacity* | 7,221.4 | 6,506.7 |
| Actual Production (including loan license) | 1,934.2 | 1,540.8 |
| Bulk Drugs/Chemicals | | |
| Licensed Capacity | Not Applicable | Not Applicable |
| Installed Capacity* (In Kilo Litres) | 1,061.2 | 1,027.8 |
| Actual Production (including loan license) (In '000 Kgs) | 2,239.3 | 2,161.5 |
| (*as certified by the Management) | | |

8 INFORMATION RELATING TO TURNOVER, PURCHASE OF GOODS AND STOCKS

| | Rs in Million | | | | | | | |
|--|----------------|-----------------|-------------------|-----------------|---------------|--------------|---------------|--------------|
| | Turnover | | Purchase of Goods | | Opening Stock | | Closing Stock | |
| | Quantity | Value Rs. | Quantity | Value Rs. | Quantity | Value Rs. | Quantity | Value Rs. |
| Formulations (Qty Million) | | | | | | | | |
| 2008-09 | 5,651.3 | 22,920.7 | 3,744.0 | 12,689.5 | 154.7 | 303.0 | 181.6 | 362.4 |
| 2007-08 | 4,538.5 | 19,565.2 | 3,014.2 | 9,527.6 | 138.2 | 260.9 | 154.7 | 303.0 |
| Bulk Drugs/Chemicals (Qty in '000 Kgs) | | | | | | | | |
| 2008-09 | 2,208.6 | 5,387.9 | 0.4 | 1.5 | 159.6 | 502.4 | 190.7 | 602.5 |
| 2007-08 | 2,143.5 | 4,647.0 | 0.0 | 3.1 | 141.6 | 604.4 | 159.6 | 502.4 |
| Others | | | | | | | | |
| 2008-09 | | 27.9 | | 15.7 | | — | | — |
| 2007-08 | | 61.3 | | 47.5 | | — | | — |
| Total | | | | | | | | |
| 2008-09 | | 28,336.5 | | 12,706.7 | | 805.4 | | 964.9 |
| 2007-08 | | 24,273.5 | | 9,578.2 | | 865.3 | | 805.4 |

9 INCOME/EXPENDITURE IN FOREIGN CURRENCY

| | Year ended 31st March, 2009 | | Year ended 31st March, 2008 | |
|-----------------------------------|-----------------------------|----------------|-----------------------------|---------|
| | Rs in Million | | Rs in Million | |
| Income | | | | |
| Exports (FOB basis) | | 8,137.7 | | 8,064.5 |
| Interest | | 70.6 | | 88.6 |
| Others | | 72.8 | | 4.1 |
| Expenditure | | | | |
| Raw Materials (CIF basis) | | 2,299.6 | | 2,329.3 |
| Packing Materials (CIF basis) | | 272.8 | | 135.1 |
| Capital Goods (CIF basis) | | 367.7 | | 194.4 |
| Spares and Components (CIF basis) | | 20.2 | | 22.0 |
| Professional Charges | | 424.5 | | 538.2 |
| Interest | | 22.5 | | 45.8 |
| Overseas Travel | | 79.5 | | 53.2 |
| Others | | 772.1 | | 417.1 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

10 The net exchange gain of Rs. 759.6 Million (Previous Year gain of Rs.169.0 Million) is included under various heads in the Profit & Loss account.

11 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:

- (a) An amount of Rs.NIL (PY:NIL) and RsNIL (PYNIL) 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 13 - "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 Companies (Accounting Standards) Rules, 2006 :

(i) Related Party Disclosure - as per Annexure 'A' annexed.

(ii) Accounting Standard (AS-20) on Earnings Per Share

| | Year ended 31st March, 2009 Rs in Million | Year ended 31st March, 2008 Rs in Million |
|--|--|--|
| Profit After Tax | 12,652.9 | 10,140.4 |
| Less: Dividend on Preference Shares | — | 0.5 |
| Less: Corporate Dividend Tax on Preference Shares | — | 0.1 |
| Profit used as Numerator for calculating Earnings per share | <u>12,652.9</u> | <u>10,139.8</u> |
| Weighted Average number of Shares used in computing basic earnings per share | 207,116,391 | 199,159,782 |
| Weighted average number of shares used in computing diluted earnings per share | 207,116,391 | 207,116,391 |
| Nominal Value Per Share (in Rs.) | 5 | 5 |
| Basic Earnings Per Share (in Rs.) | 61.1 | 50.9 |
| Diluted Earnings Per Share (in Rs.) | 61.1 | 49.0 |

(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 | 20,004.1 | 15,660.1 |
| Outside India | 8,332.4 | 8,613.4 |
| Total Sales | <u>28,336.5</u> | <u>24,273.5</u> |

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 Rs. 80.8 Million (Previous year Rs. 66.8 Million)

| | | |
|---|------|------|
| Contribution to Provident Fund | 78.0 | 63.8 |
| Contribution to Employees State Insurance Scheme (E.S.I.C.) | 2.7 | 2.9 |
| Contribution to Labour Welfare Fund | 0.1 | 0.1 |



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

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 Rs. 31.0 Million (Previous Year Rs. 23.2 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.

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):

| | Rupees in Million (Dr/ (Cr)) | |
|--|-------------------------------------|-------------------------|
| | Year ended | |
| | 31st March, 2009 | 31st March, 2008 |
| Reconciliation of liability recognised in the Balance sheet | | |
| Present value of commitments (as per Actuarial Valuation) | (142.4) | (106.4) |
| Fair value of plan assets | 187.2 | 104.0 |
| Net (liability) / asset in the Balance sheet | 44.8 | (2.4) |
| Movement in net liability recognised in the Balance sheet | | |
| Net liability as at the beginning of the year | (2.4) | — |
| Net expense recognised in the Profit and Loss account | (32.6) | (23.7) |
| Contribution during the year | 79.8 | 21.3 |
| Net (liability) / asset in the Balance sheet | 44.8 | (2.4) |
| Expense recognised in the Profit and Loss account | | |
| Current service cost | 14.3 | 10.8 |
| Interest cost | 8.5 | 6.0 |
| Expected return on plan assets | (8.3) | (6.7) |
| Actuarial (gains)/ losses | 18.1 | 22.1 |
| Expense charged to the Profit and Loss account | 32.6 | 32.2 |
| Return on plan assets | | |
| Expected return on plan assets | 8.3 | 6.7 |
| Actuarial (gains)/ losses | (3.9) | (2.4) |
| Actual return on plan assets | 12.2 | 9.1 |
| Reconciliation of defined-benefit commitments | | |
| Commitments as at the beginning of the year | (106.4) | (75.0) |
| Current service cost | 14.3 | 10.8 |
| Interest cost | 8.5 | 6.0 |
| Paid benefits | (8.8) | (9.9) |
| Actuarial (gains)/ losses | 22.0 | 24.5 |
| Commitments as at the year end | (142.4) | (106.4) |
| Reconciliation of plan assets | | |
| Plan assets as at the beginning of the year | 104.0 | 83.5 |
| Expected return on plan assets | 8.3 | 6.7 |
| Contributions during the year | 79.8 | 21.3 |
| Paid benefits | (8.8) | (9.9) |
| Actuarial (gains)/ losses | (3.9) | (2.4) |
| Plan assets as at the year end | 187.2 | 104.0 |

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:

| | | |
|----------------------------------|-------------------------------|-------|
| Discount rate | 7.75% | 8.00% |
| Expected return on plan assets | 7.50% | 8.00% |
| Expected rate of salary increase | 6.00% | 6.00% |
| Mortality | LIC (1994-96) Ultimate | |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

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.

| | Rupees in Million (Dr/(Cr)) | | |
|---|------------------------------------|------------------|------------------|
| | Year ended | | |
| | 31st March, 2009 | 31st March, 2008 | 31st March, 2007 |
| Experience adjustment | | | |
| On plan liabilities | 5.2 | 126.9 | 3.1 |
| On plan assets | (3.9) | (2.4) | (1.2) |
| Present value of benefit obligation | (142.4) | (106.4) | (75.0) |
| Fair value of plan assets | 187.2 | 104.0 | 83.5 |
| Excess of (obligation over plan assets) / plan assets over obligation | 44.8 | (2.4) | — |

As, this is the third year in which the AS-15 has been applied, the amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous four years have not been furnished.

The contribution expected to be made by the Company during financial year ending March 31, 2010 has not been ascertained.

(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 license 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 19.

13 Investment Purchased and Sold during the Year

| Mutual Fund Units (Units of Face Value of Rs. 10 Each, unless stated otherwise) | Units In Nos | 2008-09 | | 2007-08 | | |
|--|-------------------------|---|--|----------------|---|--|
| | | Purchase Value Rs in Million | Sales Value Rs in Million | Units InNos | Purchase Value Rs in Million | Sales Value Rs in Million |
| In Liquid Scheme | | | | | | |
| ABN Amro Mutual Fund | — | — | — | 29,877,263 | 300.0 | 302.5 |
| Bharti AXA Mutual Fund (*) | 392,097 | 405.0 | 406.2 | — | — | — |
| Birla Sun Life Mutual Fund | 1,214,675,051 | 16,180.0 | 16,292.0 | 530,382,646 | 6,880.0 | 6,888.5 |
| Baroda Pioneer Mutual Fund | 10,000,000 | 100.0 | 100.1 | 2,550,834 | 35.0 | 35.0 |
| DBS Chola Mutual Fund | 41,284,101 | 500.0 | 500.1 | — | — | — |
| Deutsche Mutual Fund | 605,919,745 | 6,700.0 | 6,723.0 | 22,438,611 | 265.0 | 265.3 |
| Fidelity Mutual Fund | 12,445,861 | 150.0 | 150.0 | 21,534,774 | 230.0 | 230.3 |
| HDFC Mutual Fund | 306,840,997 | 5,314.5 | 5,345.2 | 80,692,746 | 1,070.0 | 1,080.2 |
| JP Morgan Asset Management | 219,930,148 | 2,447.0 | 2,460.2 | — | — | — |
| Lotus India Mutual Fund | 71,070,517 | 832.0 | 836.1 | 28,425,865 | 300.0 | 302.8 |
| Mirae Asset Mutual Fund (*) | 484,384 | 500.0 | 502.1 | — | — | — |
| Principal Mutual Fund | 96,053,555 | 1,250.0 | 1,252.7 | 138,527,790 | 1,645.5 | 1,646.9 |
| Prudential Mutual Fund | 1,125,053,541 | 13,865.0 | 13,903.7 | 1,489,309,956 | 17,057.3 | 17,070.7 |
| Reliance Mutual Fund | 305,956,444 | 4,615.3 | 4,635.9 | 23,437,866 | 250.0 | 251.7 |
| Religare Mutual Fund | 82,980,302 | 1,000.0 | 1,001.4 | — | — | — |
| SBI Mutual Fund | 10,870,522 | 210.0 | 210.0 | — | — | — |
| Standard Chartered Mutual Fund (*) | — | — | — | 278,649 | 300.0 | 300.6 |
| Sundaram BNP Paribas Mutual Fund | 6,687,196 | 123.0 | 123.1 | — | — | — |
| Tata Mutual fund (*) | — | — | — | 206,995 | 300.0 | 301.0 |
| UTI Mutual Fund (*) | 30,596 | 41.3 | 41.4 | — | — | — |

(*) Units of Face Value of Rs. 1,000 Each



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

| 14 Balances with Other Banks held in: | Name of the Bank/Institution | Rs in Million | | Rs in Million | |
|---|--|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | | Balance As at 31st March, 2009 | Maximum Balance 2008-09 | Balance As at 31st March, 2008 | Maximum Balance 2007-08 |
| | UBS AG Wealth Management-London Rs.9,490 (Previous Year Rs.7,328) | 0.0 | 0.0 | 0.0 | 37.0 |
| | Credit Agricole (Suisse) S.A.Private Bank | 395.5 | 1,188.0 | 345.4 | 867.1 |
| | Vietnam Export Import Bank, Hochiminch Branch, Vietnam | 1.7 | 18.3 | 0.1 | 17.1 |
| | Standard Chartered, Shanghai Branch, China | 2.9 | 6.1 | 1.1 | 14.5 |
| | Moscow Bank, Moscow Branch, Moscow | 1.0 | 11.4 | 0.9 | 24.5 |
| | Belvnesheconom Bank, Minsk Branch, Belarus (Previous Year Rs. 25,035) | 1.9 | 5.9 | 0.0 | 9.8 |
| | Tsesna Bank,Almaty Branch, Kazakhstan | 0.5 | 6.1 | 0.8 | 6.8 |
| | Ukreixm Bank, Kyiv Branch, Ukraine (Previous Year Rs.9,875) | 1.5 | 6.8 | 0.0 | 5.4 |
| | Total | 405.0 | | 348.3 | |
| 15 a) Loans / Advances due from Subsidiaries | | | | | |
| | Loans | | | | |
| | Sun Pharmaceutical UK Limited | — | 0.1 | 0.1 | 0.7 |
| | Advances | | | | |
| | Share Application Money to | | | | |
| | Sun Farmaceutica LTDA Brazil | — | 17.0 | — | — |
| | Sun Pharma Global Inc. BVI | 508.5 | 2,502.1 | 1,007.4 | 3,789.9 |
| | Sun Pharma De Mexico, S.A. DE C.V. | 68.4 | 68.4 | 53.6 | 60.0 |
| | Total | 576.9 | | 1,061.1 | |
| b) Accrued Interest due from Subsidiaries | | | | | |
| | Sun Pharma Global Inc. BVI | — | — | — | 51.6 |
| 16 | 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. | | | | |
| 17 | The Company has invested USD 25.0 Million [Rs. 1,271.3 Million](Previous Year Rs. 995.5 Million) in Credit Linked Notes(CLN) of Deutsche Bank Ag, London. The maturity value of the said notes is dependent on the performance of a reference entity and inter-alia on happening of certain credit events as defined in CLN term sheet. In view of the fact that the said investment is Long Term and that no credit event has arisen as at the balance sheet date, diminution in value of investment is not considered necessary. | | | | |
| 18 | During the year, in terms of approval by the shareholders of the Company in the Annual General Meeting, the authorised share capital of Rs.1,500.0 Million was reclassified to 300,000,000 Equity Shares of Rs.5 each. | | | | |
| 19 | Alkaloida Chemical Company Exclusive Group Limited (Alkaloida), a subsidiary of the company has made a strategic investment in Taro Pharmaceutical Industries Limited (Taro) a pharmaceutical company based in Israel and holds 36.4% in the capital of Taro. On May 28, 2008 Alkaloida received a notice from Taro regarding purported termination of the merger agreement between Taro and Aditya Acquisition Company Ltd, an Israeli incorporated subsidiary of Alkaloida. On the same date, Taro and some of its directors had filed for a declaratory judgment in an Israeli court seeking Alkaloida/Sun Pharma to conduct a special tender offer which has been rejected by the Tel-Aviv District Court. The plaintiffs have appealed this decision in the Supreme Court of Israel which has temporarily prohibited closing of the Tender offer until it issues a decision on the appeal. Alkaloida does not foresee any adverse impact on its investment. | | | | |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

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.

21 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, 2009

| Currency | Buy/Sell | Cross Currency | Amount in Million | Amount in Million |
|-----------|----------|----------------|------------------------|------------------------|
| | | | As at 31st March, 2009 | As at 31st March, 2008 |
| US Dollar | Sell | Rupees | \$105 | — |

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, 2009 | | As at 31st March, 2008 | |
|--|------------------------|-------------------|------------------------|-------------------|
| | Amount in Million | Amount in Million | Amount in Million | Amount in Million |
| Exports of Goods & Services | | | | |
| US Dollar | \$15.4 | INR 782.0 | \$96.9 | INR 3,860.2 |
| Nil (Previous Year CHF 11,395) | — | — | CHF 0.0 | INR 0.5 |
| Euro | € 3.1 | INR 207.8 | € 0.4 | INR 27.4 |
| XOF | XOF 5.5 | INR 0.6 | XOF 27.4 | INR 2.7 |
| British Pound | £0.5 | INR 38.3 | — | — |
| Loans Receivable | | | | |
| Nil (Previous Year £ 1,404) | — | — | £0.0 | INR 0.1 |

b) Amounts payable in foreign currency on account of the following :

| | | | | | |
|---------------------------------------|--------------------|---------|-----------|---------|-----------|
| Interest Payable | US Dollar | — | — | \$0.4 | INR 17.6 |
| Loans Payable | US Dollar | — | — | \$20.0 | INR 796.4 |
| Import of Goods & Services | US Dollar | \$6.4 | INR 327.9 | \$17.5 | INR 696.7 |
| Nil (Previous Year CHF 7,906) | Swiss Franc | — | — | CHF 0.0 | INR 0.3 |
| | Euro | € 0.2 | INR 12.8 | € 0.3 | INR 17.8 |
| £ 9,762 (Previous Year £ 24,210) | British Pound | £0.0 | INR 0.7 | £0.0 | INR 1.9 |
| | Japanese Yen | — | — | JPY 0.5 | INR 0.2 |
| S\$1401 (Previous Year Nil) | Singapore Dollars | S\$ 0.0 | INR 0.0 | — | — |
| | New Israeli Sheqel | — | — | NIS 0.2 | INR 2.0 |

22 Previous years' figures are restated / regrouped / rearranged wherever necessary in order to confirm to current years' groupings and classifications.



ANNEXURE 'A' TO NOTES ON ACCOUNT

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

Rs in Million

| Particulars | Subsidiaries | | Controlled Entity | | Key Management Personnel | | Relatives of Key Management Personnel | | Enterprise under significant Influence of Key Management Personnel or their relatives | | Total | |
|---|--------------|----------|-------------------|----------|--------------------------|----------|---------------------------------------|----------|---|----------|----------|----------|
| | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 |
| Purchases of goods / DEPB | 115.1 | 109.4 | 13,032.4 | 9,669.6 | — | — | — | — | 4.5 | — | 13,152.0 | 9,779.0 |
| Sun Pharmaceutical Industries | — | — | 13,032.4 | 9,669.6 | — | — | — | — | — | — | 13,032.4 | 9,669.6 |
| Others | 115.1 | 109.4 | — | — | — | — | — | — | 4.5 | — | 119.6 | 109.4 |
| Purchase of Fixed Assets | — | 3.0 | 2.6 | 16.1 | — | — | — | — | — | — | 2.6 | 19.1 |
| Sun Pharmaceutical Industries - Inc. | — | 3.0 | — | — | — | — | — | — | — | — | — | 3.0 |
| Sun Pharmaceutical Industries | — | — | 2.6 | 16.1 | — | — | — | — | — | — | 2.6 | 16.1 |
| Sale of goods / DEPB | 3,326.6 | 4,945.7 | 1,164.3 | 829.1 | — | — | — | — | 11.6 | 7.9 | 4,502.5 | 5,782.7 |
| Caraco Pharmaceutical Laboratories Ltd. | 2,734.0 | 4,710.6 | — | — | — | — | — | — | — | — | 2,734.0 | 4,710.6 |
| Sun Pharmaceutical Industries | — | — | 1,150.4 | 829.1 | — | — | — | — | — | — | 1,150.4 | 829.1 |
| Others | 592.6 | 235.1 | 13.9 | — | — | — | — | — | 11.6 | 7.9 | 618.1 | 243.0 |
| Sale of Fixed Assets | — | — | 8.8 | 0.3 | — | — | — | — | — | 0.1 | 8.8 | 0.4 |
| Sun Pharmaceutical Industries | — | — | 8.8 | 0.3 | — | — | — | — | — | — | 8.8 | 0.3 |
| Sun Petrochemical Pvt Ltd. | — | — | — | — | — | — | — | — | — | 0.1 | — | 0.1 |
| Receiving of Service | | | | | | | | | | | | |
| Services | — | — | 4.2 | 6.0 | — | — | — | — | 13.1 | — | 17.3 | 6.0 |
| Sun Pharmaceutical Industries | — | — | 4.2 | 6.0 | — | — | — | — | — | — | 4.2 | 6.0 |
| Sun Pharma Advanced Research Company Ltd. | — | — | — | — | — | — | — | — | 13.1 | — | 13.1 | — |
| Reimbursement of Expenses | 111.7 | 158.9 | — | — | — | — | — | — | 2.6 | — | 114.3 | 158.9 |
| Sun Pharma Global Inc - BVI | 100.3 | 152.6 | — | — | — | — | — | — | — | — | 100.3 | 152.6 |
| Others | 11.4 | 6.3 | — | — | — | — | — | — | 2.6 | — | 14.0 | 6.3 |
| Rendering of Service | | | | | | | | | | | | |
| Services | — | 4.2 | 3.1 | — | — | — | — | — | 5.5 | 0.5 | 8.6 | 4.7 |
| Sun Petrochemical Pvt Ltd. | — | — | — | — | — | — | — | — | 5.5 | 0.5 | 5.5 | 0.5 |
| Sun Pharma Global Inc - BVI | — | 2.1 | — | — | — | — | — | — | — | — | — | 2.1 |
| Sun Pharmaceutical Industries | — | — | 3.1 | — | — | — | — | — | — | — | 3.1 | — |
| Sun Pharmaceutical Industries - Inc. | — | 2.1 | — | — | — | — | — | — | — | — | — | 2.1 |
| Reimbursement of Expenses | 70.2 | 24.2 | 0.2 | 0.2 | — | — | — | — | 26.1 | 67.9 | 96.5 | 92.3 |
| Caraco Pharmaceutical Laboratories Ltd. | 14.2 | 1.6 | — | — | — | — | — | — | — | — | 14.2 | 1.6 |
| Sun Pharma Advanced Research Company Ltd. | — | — | — | — | — | — | — | — | 26.1 | 67.9 | 26.1 | 67.9 |
| Sun Pharmaceutical Industries - Inc. | 38.3 | 0.4 | — | — | — | — | — | — | — | — | 38.3 | 0.4 |
| Sun Pharma Global - FZE | 16.0 | — | — | — | — | — | — | — | — | — | 16.0 | — |
| Sun Pharma Global Inc - BVI | 1.7 | 22.2 | — | — | — | — | — | — | — | — | 1.7 | 22.2 |
| Others | — | — | 0.2 | 0.2 | — | — | — | — | — | — | 0.2 | 0.2 |
| Finance (including loans and equity contributions) | | | | | | | | | | | | |
| Capital Contribution / (Withdrawal) | 2,245.9 | 5,047.9 | 9,445.1 | 7,411.9 | — | — | — | — | — | — | 11,691.0 | 12,459.8 |
| Sun Pharmaceutical Industries | — | — | 9,359.0 | 7,411.9 | — | — | — | — | — | — | 9,359.0 | 7,411.9 |
| Sun Pharma Global Inc - BVI | 2,232.1 | 5,047.8 | — | — | — | — | — | — | — | — | 2,232.1 | 5,047.8 |
| Others | 13.8 | 0.1 | 86.1 | — | — | — | — | — | — | — | 99.9 | 0.1 |
| Investments Sales in Subsidiary | — | 0.1 | — | — | — | — | — | — | — | — | — | 0.1 |
| ALKALOIDA Chemical Company exclusive group Limited | — | 0.1 | — | — | — | — | — | — | — | — | — | 0.1 |
| Loans given / Share Application Money | 6,478.2 | 1,053.4 | — | — | — | — | — | — | — | — | 6,478.2 | 1,053.4 |
| Sun Pharma Global Inc - BVI | 6,474.3 | 1,053.3 | — | — | — | — | — | — | — | — | 6,474.3 | 1,053.3 |
| Others | 3.9 | 0.1 | — | — | — | — | — | — | — | — | 3.9 | 0.1 |
| Loans Received back / Share Application Money Refund | 6,989.3 | 1.0 | — | — | — | — | — | — | 10.0 | — | 6,999.3 | 1.0 |
| Sun Pharma Global Inc - BVI | 6,985.5 | 1.0 | — | — | — | — | — | — | — | — | 6,985.5 | 1.0 |
| Others | 3.8 | — | — | — | — | — | — | — | 10.0 | — | 13.8 | — |
| Corporate Guarantees Given / (Released) on behalf of | 1,872.7 | 995.5 | — | — | — | — | — | — | — | 125.0 | 1,872.7 | 1,120.5 |
| Sun Pharma Global Inc - BVI | 1,779.8 | 995.5 | — | — | — | — | — | — | — | — | 1,779.8 | 995.5 |
| Sun Pharma Advanced Research Company Ltd | — | — | — | — | — | — | — | — | — | 125.0 | — | 125.0 |
| Sun Pharma De Mexico S.A. DE C.V. | 152.6 | — | — | — | — | — | — | — | — | — | 152.6 | — |
| Sun Pharmaceutical Industries - Inc. | (59.7) | — | — | — | — | — | — | — | — | — | (59.7) | — |
| Interest Income | — | — | 1.1 | 1.1 | — | — | — | — | — | — | 1.1 | 1.1 |
| Sun Pharmaceutical Industries | — | — | 1.1 | 1.1 | — | — | — | — | — | — | 1.1 | 1.1 |
| Rent Income | — | — | 1.6 | 1.6 | — | — | — | — | 0.1 | 0.1 | 1.7 | 1.7 |
| Sun Pharmaceutical Industries | — | — | 1.6 | 1.6 | — | — | — | — | — | — | 1.6 | 1.6 |
| Others | — | — | — | — | — | — | — | — | 0.1 | 0.1 | 0.1 | 0.1 |

ANNEXURE 'A' TO NOTES ON ACCOUNT

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

Rs in Million

| Particulars | Subsidiaries | | Controlled Entity | | Key Management Personnel | | Relatives of Key Management Personnel | | Enterprise under significant influence of Key Management Personnel or their relatives | | Total | |
|---|--------------|----------|-------------------|----------|--------------------------|----------|---------------------------------------|----------|---|----------|----------|----------|
| | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 | 31/03/09 | 31/03/08 |
| Director's Remuneration | — | — | — | — | 31.1 | 30.6 | — | — | — | — | 31.1 | 30.6 |
| Apprenticeship Stipend / Remuneration | — | — | — | — | — | — | 0.3 | 0.2 | — | — | 0.3 | 0.2 |
| Remuneration (Partner's) Received | — | — | 575.0 | 401.3 | — | — | — | — | — | — | 575.0 | 401.3 |
| Sun Pharmaceutical Industries | — | — | 575.0 | 401.3 | — | — | — | — | — | — | 575.0 | 401.3 |
| Rent Paid | — | — | — | — | — | — | — | 0.3 | — | — | — | 0.3 |
| Share of profit / (Loss) from Partnership Firm | — | — | 10,343.1 | 7,432.8 | — | — | — | — | — | — | 10,343.1 | 7,432.8 |
| Sun Pharmaceutical Industries | — | — | 10,343.1 | 7,432.8 | — | — | — | — | — | — | 10,343.1 | 7,432.8 |
| Others Rs.44,520 (Previous Year Nil) | — | — | (0.0) | — | — | — | — | — | — | — | (0.0) | — |
| Outstanding Corporate Guarantee to Bank | 3,152.7 | 1,174.7 | — | — | — | — | — | — | 125.0 | 125.0 | 3,277.7 | 1,299.7 |
| Sun Pharma Global Inc - BVI | 2,847.6 | 995.5 | — | — | — | — | — | — | — | — | 2,847.6 | 995.5 |
| Others | 305.1 | 179.2 | — | — | — | — | — | — | 125.0 | 125.0 | 430.1 | 304.2 |
| Outstanding receivables / (Payables) (Net) as on 31/03/2009 | 632.4 | 2,230.9 | — | — | — | — | — | — | 76.3 | 123.9 | 708.7 | 2,354.8 |
| Caraco Pharmaceutical Laboratories Ltd | 403.3 | 2,167.3 | — | — | — | — | — | — | — | — | 403.3 | 2,167.3 |
| Sun Pharma Global Inc - BVI | (104.3) | 60.8 | — | — | — | — | — | — | — | — | (104.3) | 60.8 |
| Sun Pharma Global - FZE | 205.3 | — | — | — | — | — | — | — | — | — | 205.3 | — |
| Others | 128.1 | 2.8 | — | — | — | — | — | — | 76.3 | 123.9 | 204.4 | 126.7 |

Note :

Names of related parties and description of relationship

1. Subsidiaries

Sun Pharma Global Inc. BVI.
Sun Pharma Global - FZE
Sun Pharmaceutical (Bangladesh) Ltd.
Sun Pharma De Mexico S.A. DE C.V.
SPIL De Mexico S.A. DE C.V.
Sun Pharmaceutical Peru S.A.C.
Sun Farmaceutica Ltda - Brazil
Sun Pharmaceutical Industries Inc , USA
Caraco Pharmaceutical Laboratories Ltd - U.S.A
Sun Pharmaceuticals UK Ltd
ALKALOIDA Chemical Company exclusive group Limited
Chattem Chemical Inc.
Zao Sun Pharma Industries Ltd. Russia
Sun Pharmaceutical Ind (Australia) PTY Ltds
Aditya Acquisition Company Ltd - Israel
Sun Development Corporation I
Sun Pharmaceutical Ind. Europe BV
OOO "Sun Pharmaceutical Industries" Ltd.
Sun Pharmaceuticals France
Sun Pharmaceuticals Germany GmbH
Sun Pharmaceuticals Italia S.R.L.
Sun Pharmaceutical Spain, SL.
Sun Pharmaceuticals (SA) (Pty) Ltd-South Africa

2. Controlled Entity

Sun Pharma Exports
Sun Pharmaceutical Industries
Sun Pharma Sikkim
Universal Enterprise Pvt. Ltd.

3. Key Management Personnel

Mr Dilip S Shanghvi
Mr Sudhir V. Valia
Mr Sailesh T. Desai
Mrs Vibha Shanghvi
Mrs Kumud Shanghvi
Mrs Meera Desai
Mr Alok Shanghvi
Ms Khyati Valia

4. Relatives of Key Management Personnel

Wife of Chairman and Managing Director
Mother of Chairman and Managing Director
Wife of Wholetime Director
Son of Chairman and Managing Director
Daughter of Wholetime Director

5. Enterprise under significant influence of Key Management Personnel or their relatives

Sun Petrochemical Pvt. Ltd.
Sun Speciality Chemicals Pvt. Ltd.
Navjivan Rasayan (Gujarat) Pvt. Ltd.
Sun Pharma Advanced Research Company Ltd.
Shantilal Shanghvi Foundation



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, 2009 | 04 |

II Capital Raised during the year (Rs in Million)

| | |
|--------------|-------------------|
| Public Issue | Right Issue |
| NIL | NIL |
| Bonus Issue | Private Placement |
| NIL | NIL |

III Position of Mobilisation and Deployment of Funds (Rs in Million)

| | |
|------------------------------|---------------------------|
| Total Liabilities | Total Assets |
| 52924.4 | 52924.4 |
| Sources of Funds | |
| Paid-up Capital | Reserves and Surplus |
| 1035.6 | 50478.6 |
| Secured Loans | Unsecured Loans |
| 236.0 | 0.0 |
| Deferred Tax Liability (Net) | |
| 1174.2 | |
| Application of Funds | |
| Net Fixed Assets | Investments |
| 7752.1 | 26945.9 |
| Net Current Assets | Miscellaneous Expenditure |
| 18226.4 | NIL |
| | Accumulated Losses |
| | NIL |

IV Performance of the Company (Rs in Million)

| | |
|------------------------|-------------------|
| Total Income | Total Expenditure |
| 40436.7 | 27482.6 |
| Profit Before Tax | Profit After Tax |
| 12954.1 | 12652.9 |
| Earning per share Rs.* | Dividend Rate |
| 61.1 | 275.00% |

* Basic - after considering pro-rata dividend (including corporate dividend tax) on preference shares.

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

| | |
|--------------------------|-------------------------|
| Item Code No. (ITC Code) | Product Description |
| 30049038 | Pantaprazole Sodium |
| 30049065 | Metformin Hydrochloride |
| 30033900 | Losartan Potassium |

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

Mumbai, May 30, 2009

KAMLESH H. SHAH
Company Secretary

Mumbai, May 30, 2009