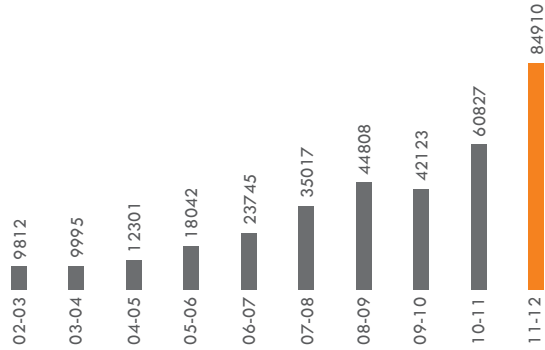


# KEY PERFORMANCE Indicators

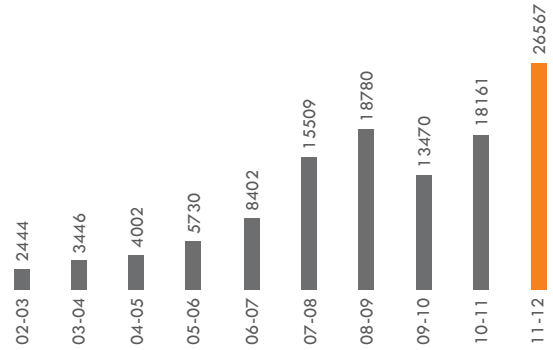
Total Income (₹ in million)

▲ CAGR 24%



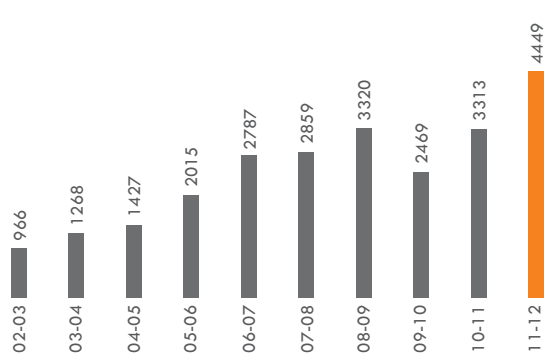
Profit After Tax (₹ in million)

▲ CAGR 27%



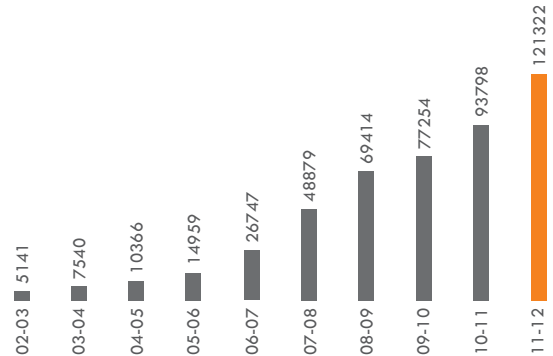
R&D Expenditure (₹ in million)

▲ CAGR 17%



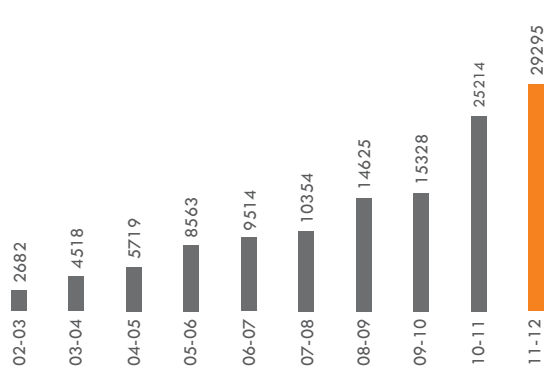
Reserve and Surplus (₹ in million)

▲ CAGR 37%

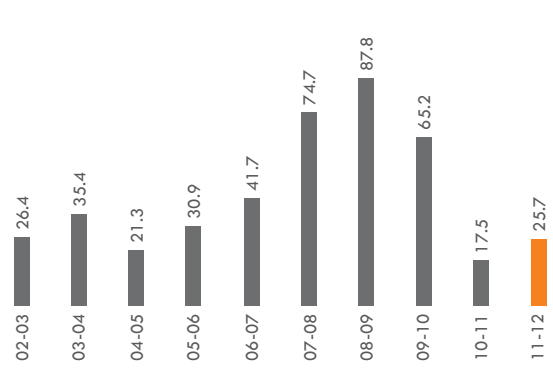


Net Block (₹ in million)

▲ CAGR 27%



Earning Per Share - Basic\* (in ₹)



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

# TEN YEAR Highlights

## Consolidated Financials

(₹ in million)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Operating Performance</b>										
Income from Operations	9725	9847	11983	17372	22373	34606	43751	38086	57279	80195
Total Income	9812	9995	12301	18042	23745	35017	44808	42123	60827	84910
Profit after tax	2444	3446	4002	5730	8402	15509	18780	13470	18161	26567
R&D Expenditure	966	1268	1427	2015	2787	2859	3320	2242	3313	4449
a) Capital	363	598	418	481	347	134	222	159	236	362
b) Revenue	603	670	1009	1534	2440	2725	3098	2083	3077	4088
c) % of Turnover	12%	13%	12%	12%	13%	9%	8%	6%	6%	6%
<b>Financial Position</b>										
Equity Share Capital	465	464	928	929	967	1036	1036	1036	1036	1036
Reserve and Surplus	5141	7540	10366	14959	26747	48879	69414	77254	93798	121322
Gross Block	4033	6232	7806	12342	14252	15960	21476	23340	45473	54269
Net Block	2682	4518	5719	8563	9514	10354	14625	15328	25214	29295
Investment	38	1765	6485	3541	2543	6565	18595	31664	26557	22129
Net Current Asset	3725	4808	16360	23006	26843	33995	35485	28542	58622	76749
<b>Stock Information</b>										
No. of Shares (million)	93	93	185	186	193	207	207	207	1036	1036
EPS-Basic* (in ₹)	26.4	35.4	21.3	30.9	41.7	74.7	87.8	65.2	17.5	25.7
EPS-Diluted* (in ₹)	13.2	17.7	20.7	27.7	38.9	71.8	87.8	65.2	17.5	25.7

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

# AUDITORS' Report

## TO THE BOARD OF DIRECTORS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of SUN PHARMACEUTICAL INDUSTRIES LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements/consolidated financial statements in respect of certain subsidiary groups, and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India read together with our remarks in paragraph 3(b) below. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) The consolidated financial statements of the Company for the year ended 31st March, 2012 were earlier approved by the Board of Directors at their meeting held on 29th May, 2012 which were audited by us and our report dated 29th May, 2012, addressed to the Board of Directors, expressed an unqualified opinion on those financial statements. Subsequently, the Board of Directors approved the Scheme of Arrangement in the nature of spin off, of Domestic Formulation Undertaking of the Company into Sun Pharma Laboratories Limited (SPLL), a wholly owned subsidiary of the Company, effective from the close of business hours on 31st March, 2012, the appointed date, as stated in Note 54 to the consolidated financial statements. Consequent to the Orders dated 3rd May, 2013 of the Hon'ble High Court of Gujarat and the Hon'ble High Court of Bombay sanctioning the said Scheme of Arrangement, the standalone financial statements of the Company and SPLL were revised to give effect to the said spin off, effective from 31st March, 2012. In view of the above, the earlier approved consolidated financial statements are revised by the Company to incorporate the revised standalone financial statements of the aforesaid entities.  
  
(b) Apart from the foregoing event, the attached consolidated financial statements do not take into account any events subsequent to the date on which the consolidated financial statements were earlier approved by the Board of Directors and reported upon by us as aforesaid.
4. We did not audit the financial statements of any of the 60 subsidiaries, 2 jointly controlled entities and also 2 of the partnership firms (listed in Note 31), whose financial statements reflect total assets of ₹84,777.8 Million as at 31st March, 2012, total revenues of ₹45,450.1 Million and net cash inflows amounting to ₹6,689.0 Million for the year ended on that date as considered in the Consolidated Financial Statements, comprising:
  - a. Total assets of ₹35,154.5 Million as at 31st March, 2012, total revenues of ₹17,616.4 Million and net cash outflows amounting to ₹980.0 Million for the year ended on that date in respect of 32 subsidiaries and 2 partnership firms, whose financial statements / consolidated financial statements have been audited by other auditors and their reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and partnership firms is based solely on the reports of the other auditors.
  - b. - Total assets of ₹47,665.2 Million as at 31st March, 2012, total revenues of ₹26,119.2 Million and net cash inflows amounting to ₹7,655.8 Million for the year ended on that date in respect of a subsidiary group comprising 21 subsidiaries, where

# AUDITORS' Report

separate consolidated financial statements for the periods 1st January, 2011 to 31st December, 2011 and 1st January, 2012 to 31st March, 2012, have been audited by other auditors. In terms of Accounting Standard 21, Consolidated Financial Statements, as notified under the Companies (Accounting Standards) Rules, 2006 ("Accounting Standard 21"), adjustments have been made to the aggregated consolidated financial statements of the subsidiary group for the aforesaid periods, in respect of significant transactions for the period from 1st January, 2011 to 31st March, 2011, on the basis of the report of their auditors. Our opinion in so far as it relates to the amounts and disclosures included in respect of this subsidiary group is based solely on the reports of the other auditors furnished to us.

- Total assets of ₹1,940.0 Million as at 31st March, 2012, total revenues of ₹1,714.5 Million and net cash outflows amounting to ₹4.9 Million for the year ended on that date in respect of 6 subsidiaries, whose reporting date is 31st December, 2011 and different from the reporting date of the Company and the financial statements have been audited by other auditors. In terms of Accounting Standard 21, adjustments have been made for significant transactions of these subsidiaries for the periods from 1st January, 2012 to 31st March, 2012 and 1st January, 2011 to 31st March, 2011, on the basis of their management accounts for the said periods. Our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors furnished to us and the management accounts as aforesaid.

c. Total assets of ₹18.1 Million as at 31st March, 2012, total revenues of ₹ Nil and net cash inflows amounting to ₹18.1 Million for the year ended on that date in respect of a subsidiary and 2 jointly controlled entities, whose financial statements have not been audited. Our opinion, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary and jointly controlled entities, is based solely on such unaudited financial statements / financial information.

5. Read with our comments in paragraph 3 above, we report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

6. Based on our audit and on consideration of the separate Auditors' Reports on individual financial statements of the Company and its aforesaid subsidiaries/consolidated financial statements in respect of certain subsidiary groups, and to the best of our information and according to the explanations given to us, in our opinion, read with our comments in paragraphs 3, 4(b) and 4(c) above, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
- ii. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

**Rajesh K Hiranandani**  
Partner  
(Membership No. 36920)

MUMBAI, 29th May, 2012 (28th May, 2013 as to effect the amendment discussed in paragraph 3 above)

# CONSOLIDATED Balance Sheet as at 31st March, 2012

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
		₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,035.6		1,035.6	
Reserves and Surplus	2	121,322.2	122,357.8	93,797.6	94,833.2
Minority Interest			11,614.5		8,471.5
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	1,554.2		1,572.8	
Deferred Tax Liabilities (Net)	4	1,552.0		1,348.3	
Other Long-term Liabilities	5	89.3		66.8	
Long-term Provisions	6	1,387.3	4,582.8	130.0	3,117.9
<b>Current Liabilities</b>					
Short-term Borrowings	7	1,095.7		2,077.8	
Trade Payables	8	9,927.2		6,898.8	
Other Current Liabilities	9	3,636.6		2,387.7	
Short-term Provisions	10	11,525.4	26,184.9	6,389.5	17,753.8
<b>TOTAL</b>			<b>164,740.0</b>	<b>124,176.4</b>	
<b>ASSETS</b>					
<b>Non-current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	11A	26,135.1		22,334.2	
Intangible Assets	11B	3,160.3		2,879.6	
Capital Work-in-Progress	45b	3,446.5		2,354.6	
		<b>32,741.9</b>		<b>27,568.4</b>	
Goodwill on Consolidation	36	10,218.1		7,719.7	
Non-current Investments	12	5,889.6		3,460.1	
Deferred Tax Assets (Net)	13	6,835.1		5,000.6	
Long-term Loans and Advances	14	5,947.5		3,789.8	
Other Non-current Assets	15	174.1	61,806.3	262.3	47,800.9
<b>Current Assets</b>					
Current Investments	16	16,239.1		18,837.5	
Inventories	17	20,869.8		14,894.8	
Trade Receivables	18	20,787.4		11,493.7	
Cash and Cash Equivalents	19	33,671.9		22,046.3	
Short-term Loans and Advances	20	10,426.7		8,491.7	
Other Current Assets	21	938.8	102,933.7	611.5	76,375.5
<b>TOTAL</b>			<b>164,740.0</b>	<b>124,176.4</b>	

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of the Board

**RAJESH K. HIRANANDANI**  
Partner

**DILIP S. SHANGHVI**  
Managing Director

**SUDHIR V. VALIA**  
Wholetime Director

**SAILESH T. DESAI**  
Wholetime Director

Mumbai, 28th May, 2013

**SUNIL R. AJMERA**  
Company Secretary

Mumbai, 28th May, 2013

# CONSOLIDATED Statement of Profit & Loss

for the year ended 31st March, 2012

	Note No.	Year ended 31st March, 2012		Year ended 31st March, 2011	
		₹ in Million	₹ in Million	₹ in Million	₹ in Million
Revenue from Operations	22	81,269.4		58,130.5	
Less: Excise Duty		1,074.5		851.5	
		80,194.9		57,279.0	
Other Income	23	4,715.1		3,547.8	
<b>Total Revenue</b>			<b>84,910.0</b>		<b>60,826.8</b>
<b>Expenses</b>					
Cost of Materials Consumed	24	18,516.0		14,897.8	
Purchases of Stock-in-Trade		2,372.0		1,766.8	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(4,488.7)		(2,057.7)	
Employee Benefits Expense	26	11,877.3		8,189.5	
Finance Costs	27	282.0		738.8	
Depreciation and Amortisation Expense	11	2,911.6		2,048.5	
Other Expenses	28	19,875.1		14,851.3	
<b>Total Expenses</b>			<b>51,345.3</b>		<b>40,435.0</b>
<b>Profit Before Tax</b>			<b>33,564.7</b>		<b>20,391.8</b>
<b>Tax Expense:</b>					
Current Tax	46	4,051.5		865.8	
Deferred Tax (Credit) / Charge		(919.6)		420.0	
			3,131.9		1,285.8
<b>Profit from Continuing Operations</b>			<b>30,432.8</b>		<b>19,106.0</b>
Loss from Discontinuing Operations	51		(11.1)		(32.3)
<b>Profit after tax before Minority Interest</b>			<b>30,421.7</b>		<b>19,073.7</b>
Minority Interest			3,854.8		913.1
<b>Profit for the Year</b>			<b>26,566.9</b>		<b>18,160.6</b>
<b>Earnings Per Share</b>					
Basic and Diluted (₹) Face Value per Equity share - ₹ 1	38		25.7		17.5

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner

Mumbai, 28th May, 2013

For and on behalf of the Board

**DILIP S. SHANGHVI**  
Managing Director

**SUNIL R. AJMERA**  
Company Secretary

**SUDHIR V. VALIA**  
Wholtime Director

**SAILESH T. DESAI**  
Wholtime Director

Mumbai, 28th May, 2013

# CONSOLIDATED Cash Flow Statement

for the year ended 31st March, 2012

	Year ended	Year ended
	31st March, 2012	31st March, 2011
	₹ Million	₹ Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	33,553.6	20,359.5
Adjustments for:		
Depreciation and Amortisation Expense	2,911.6	2,048.5
Loss on Sale of Fixed Assets (net)	95.8	12.0
Finance Costs	282.0	738.8
Interest Income	(1,977.6)	(2,232.4)
Dividend Income (Previous Year ₹ 2,820)	(0.2)	(0.0)
Net Gain on Sale of Investments	(2,415.2)	(427.5)
Provision for Doubtful Trade Receivable / Advances	39.5	2.9
Net Gain on Cancellation of Forward Exchange Contracts	(50.1)	(75.6)
Net Foreign Exchange Loss / (Gain)	2,225.4	(1,778.5)
<b>Operating Profit Before Working Capital Changes</b>	<b>34,664.8</b>	<b>18,647.7</b>
Changes in working capital:		
Adjustments for (Increase) / Decrease in Operating Assets:		
Inventories	(5,975.0)	(813.5)
Trade Receivables	(9,308.4)	3,697.3
Loans and Advances	(1,043.4)	(345.9)
Other Assets	92.8	(485.8)
Adjustments for Increase / (Decrease) in Operating Liabilities:		
Trade Payables	2,991.1	688.2
Other Liabilities	1,391.1	557.6
Provisions	1,799.3	1,578.6
<b>Cash Generated from Operations</b>	<b>24,612.3</b>	<b>23,524.2</b>
Net Income Tax Paid	(2,267.7)	(693.2)
<b>Net Cash Generated from Operating Activities (A)</b>	<b>22,344.6</b>	<b>22,831.0</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Fixed Assets, including Capital Advances	(7,129.1)	(4,218.5)
Proceeds from Sale of Fixed Assets	107.9	286.1
Short-term Loans / Inter Corporate Deposits		
Given / Placed	(7,798.2)	(9,036.7)
Received back / Matured	6,672.4	7,068.5
Purchase of Investments	(131,751.0)	(123,186.1)
Proceeds from Sale of Investments	134,501.8	126,427.0
Bank Balances not considered as Cash and Cash Equivalents		
Fixed Deposits / Margin Money Placed	(22,637.2)	(18,884.3)
Fixed Deposits / Margin Money Matured	20,442.5	5,641.1
Net Gain on Cancellation of Forward Exchange Contracts	50.1	75.6
Acquisition of Subsidiary	(2,740.4)	(4,689.3)
Interest Received	1,653.9	2,039.5
Dividend Received (Previous Year ₹ 2,820)	0.2	0.0
<b>Net Cash Flow used in Investing Activities (B)</b>	<b>(8,627.1)</b>	<b>(18,477.1)</b>

# CONSOLIDATED Cash Flow Statement

for the year ended 31st March, 2012

	Year ended	Year ended
	31st March, 2012	31st March, 2011
	₹ Million	₹ Million
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	570.8	22.0
Repayment of Borrowings	(521.6)	(2,102.6)
Net Increase / (Decrease) in Working Capital Borrowings	(1,097.8)	(1,705.9)
Payment to Minority	(14.3)	(69.2)
Finance Costs	(285.5)	(865.9)
Dividends Paid	(3,523.7)	(2,847.3)
Tax on Dividend	(571.8)	(473.0)
<b>Net Cash Flow used in Financing Activities (C)</b>	<b>(5,443.9)</b>	<b>(8,041.9)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>8,273.6</b>	<b>(3,688.0)</b>
Cash and Cash Equivalents taken over on acquisition of Subsidiary	-	5,473.9
Cash and Cash Equivalents at the Beginning of the Year	8,104.9	6,338.7
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	1,148.2	(19.7)
<b>Cash and Cash Equivalents at the end of the Year (Refer Note 19)</b>	<b>17,526.7</b>	<b>8,104.9</b>
See accompanying notes forming part of the Consolidated Financial Statements		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

For and on behalf of the Board

**RAJESH K. HIRANANDANI**

Partner

**DILIP S. SHANGHVI**

Managing Director

**SUDHIR V. VALIA**

Wholetime Director

**SAILESH T. DESAI**

Wholetime Director

Mumbai, 28th May, 2013

**SUNIL R. AJMERA**

Company Secretary

Mumbai, 28th May, 2013



# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	Number of Equity Shares	₹ in Million	Number of Equity Shares	₹ in Million
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of ₹ 1 each	1,500,000,000	1,500.0	1,500,000,000	1,500.0
	1,500,000,000	1,500.0	1,500,000,000	1,500.0
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity Shares of ₹ 1 each (Refer Note 34)	1,035,581,955	1,035.6	1,035,581,955	1,035.6
	1,035,581,955	1,035.6	1,035,581,955	1,035.6

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>2 RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
As per Last Balance Sheet		259.1		259.1
<b>Capital Redemption Reserve</b>				
As per Last Balance Sheet		154.5		154.5
<b>Securities Premium Account</b>				
As per Last Balance Sheet		15,099.1		15,099.1
<b>General Reserve</b>				
Opening Balance	28,521.2		20,444.3	
Add : Share in post acquisition profits of Taro Pharmaceutical Industries Ltd Group (Taro), relating to step-by-step acquisition prior to date of acquisition of control.	-		3,076.9	
Add : Transferred from Surplus in Statement of Profit and Loss	2,000.0		5,000.0	
Closing Balance		30,521.2		28,521.2
<b>Foreign Currency Translation Reserve</b>				
Opening Balance	2,603.9		3,084.8	
Add/(Less): Effect of Foreign Exchange rate variations during the year	5,956.7		(480.9)	
Closing Balance		8,560.6		2,603.9
<b>Surplus in Statement of Profit and Loss</b>				
Opening Balance	47,159.8		38,211.7	
Add : Profit for the Year	26,566.9		18,160.6	
Proposed Dividend Written Back (on waiver)	100.0		-	
Corporate Dividend Tax Written Back (on waiver)	16.2		-	
	26,683.1		18,160.6	
Less: Dividend proposed to be distributed to equity Shareholders [₹ 4.25 (Previous Year ₹ 3.50) per Share]	4,401.2		3,624.5	
Corporate Dividend Tax	714.0		588.0	
Transferred to General Reserve	2,000.0		5,000.0	
	7,115.2		9,212.5	
Closing Balance		66,727.7		47,159.8
		121,322.2		93,797.6

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>3 LONG-TERM BORROWINGS</b>				
<b>Secured Borrowings</b>				
Term Loans				
From Banks	456.1		7.3	
From Other Parties	40.4	496.5	36.5	43.8
<b>Unsecured Borrowings</b>				
Debentures (Repayable in three Annual Installments, First Installment is due in November 2012 - Rate of Interest 5.8% Plus CPI)		1,037.7		1,427.5
Term Loans				
From Banks	19.0		100.5	
From Other Parties	1.0	20.0	1.0	101.5
		1,554.2		1,572.8
<b>4 DEFERRED TAX LIABILITIES (NET)</b>				
<b>Deferred Tax Liability</b>				
Depreciation on Fixed Assets	1,591.0		1,411.3	
Others	26.6	1,617.6	8.4	1,419.7
<b>Less :</b>				
<b>Deferred Tax Assets</b>				
Unpaid Liabilities	50.3		43.6	
Others	15.3	65.6	27.8	71.4
		1,552.0		1,348.3
<b>5 OTHER LONG-TERM LIABILITIES</b>				
Trade Payables		1.3		0.9
Trade / Security Deposits Received		20.3		21.9
Others		67.7		44.0
		89.3		66.8
<b>6 LONG-TERM PROVISIONS</b>				
<b>Employee Benefits:</b>				
Compensated Absences	108.2		89.5	
Severance / Pension Pay [Refer Note 43 (a)]	4.1	112.3	20.2	109.7
Product Returns, Rebates, Medic aids etc (Refer Note 53)		517.4		-
MTM Loss on outstanding Forward Contracts		752.8		-
Provision for Fringe Benefit Tax (Net of Advance Tax)		-		0.6
Provision for Income Tax (Net of Advance Income Tax)		4.8		19.7
		1,387.3		130.0

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>7 SHORT-TERM BORROWINGS</b>				
<b>Secured Borrowings</b>				
Loans Repayable on Demand				
From Banks:				
Cash Credit Facility	403.0		523.7	
Others	419.6	822.6	529.4	1,053.1
<b>Unsecured Borrowings</b>				
Loans Repayable on Demand				
From Banks:				
Cash Credit Facility	157.5		54.5	
Others	-	157.5	199.4	253.9
Other Loans and Advances				
From Banks	-		770.8	
From Other than Banks	115.6	115.6	-	770.8
		1,095.7		2,077.8
<b>8 TRADE PAYABLES</b>				
Acceptances		9.0		1.1
Other than Acceptances:				
Due to Micro and Small Enterprises		45.2		37.7
Other Payables		9,873.0		6,860.0
		9,927.2		6,898.8
<b>9 OTHER CURRENT LIABILITIES</b>				
Current Maturities of Long-term Debt		557.4		605.2
Interest Accrued but not Due on Borrowings		35.6		39.1
Investor Education and Protection Fund shall be credited by Unpaid Dividends (not due)		40.4		30.4
Statutory Remittances		712.7		414.6
Payables on Purchase of Fixed Assets		431.5		510.2
Trade / Security Deposits Received		13.8		10.0
Advances from Customers		1,323.5		570.5
Temporary Overdrawn Bank Balance as per books		37.4		7.3
Others		484.3		200.4
		3,636.6		2,387.7
<b>10 SHORT-TERM PROVISIONS</b>				
Employee Benefits:				
Compensated Absences	278.0		267.5	
Provision for Gratuity (Refer Note 42)	0.3		-	
Severance / Pension Pay [Refer Note 43 (a)]	260.6	538.9	127.5	395.0
Product Returns, Rebates, Medic aids etc (Refer Note 53)		2,359.8		1,236.5
MTM Loss on outstanding Forward Contracts		12.1		-
Provision for Income Tax [Net of Advance Income Tax ]		3,499.4		545.5
Dividend proposed to be distributed to equity Shareholders		4,401.2		3,624.5
Corporate Dividend Tax		714.0		588.0
		11,525.4		6,389.5

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

₹ in Million

Particulars	Gross Block (At Cost)				Depreciation / Amortisation / Impairment				Net Block			
	As At 01.04.11	Consolidation Adjustment	Taken over on acquisition (c)	Additions During the Year	Deletions/ Adjustment During the Year	As at 31.03.12	Consolidation Adjustment	Taken over on acquisition (c)	For the Year	On Deletions for the Year	As at 31.03.12	As at 31.03.11
<b>A. Tangible Assets</b>												
Freehold Land	609.7	68.0	-	146.7	-	824.4	-	-	-	-	824.4	609.7
Leasehold Land	799.7	101.4	-	161.6	-	1,062.7	12.4	-	14.6	-	947.9	711.9
Buildings	12,647.2	1,306.4	-	829.5	88.3 **	14,694.8 (a)	355.6	-	456.0	66.6	3,883.9	9,508.3
Leasehold Improvement on Building	91.1	13.0	-	0.8	-	104.9	1.1	-	2.5	-	94.8	84.6
Buildings Given under Operating Lease *	327.9	19.2	-	-	-	347.1	2.7	-	9.8	-	279.5	272.8
Plant and Equipment	23,100.9	1,727.0	-	3,227.6 **	361.2 **	27,694.3	1,218.8	-	1,684.7	213.1	15,333.3 (b)	10,458.0
Plant and Equipment Leased *	25.3	-	-	-	-	25.3	-	-	1.2	-	23.6	24.8
Vehicles	260.6	9.1	-	101.7	46.8	324.6	5.2	-	33.5	32.0	208.9	151.6
Office Equipments	357.6	5.3	-	53.2	5.3	410.8	202.5	-	32.8	4.8	234.6 (b)	155.1
Furniture and Fixtures	908.4	74.9	-	101.4	31.3	1,053.4	551.0	-	50.7	12.7	645.5 (b)	357.4
Total Tangible Assets	39,128.4	3,324.3	-	4,622.5	532.9	46,542.3	1,679.42	-	2,285.8	329.2	20,407.2	22,334.2
Previous Year	20,884.6	89.5	15,897.9	2,756.7	500.3	39,128.4	7,242.0	38.3	8,094.8	1,631.9	16,794.2	-
<b>B. Intangible Assets</b>												
Trademarks, Designs and Other Intangible Assets	6,344.6	836.2	-	550.7	5.3	7,726.2	480.4	-	625.8	5.3	4,565.9 (b)	3,160.3
Total Intangible Assets	6,344.6	836.2	-	550.7	5.3	7,726.2	480.4	-	625.8	5.3	4,565.9	2,879.6
Previous Year	2,455.8	(5.7)	3,379.7	569.9	55.1	6,344.6	770.5	(50)	2,327.4	41.6	3,465.0	-
Total Fixed Assets	45,473.0	4,160.5	-	5,173.2	538.2	54,268.5	20,259.2	-	2,911.6	334.5	24,973.1	29,295.4
Previous Year	23,340.4	83.8	19,277.6	3,326.6	555.4	45,473.0	8,012.5	33.3	10,422.2	2,048.5	20,259.2	25,213.8

## Footnotes:

- Buildings include ₹ 8,620 (Previous Year ₹ 8,620) towards cost of shares in a Co-operative Housing Society.
- Includes Impairment of ₹ 64.9 Million (Previous Year ₹ 30.8 Million) including ₹ 34.1 Million (Previous Year ₹ Nil) on account of Impairment for the year.
- Represents assets and accumulated depreciation of TARO which became subsidiary during Previous year.
- Excludes Fixed Assets Held for Sale (Refer Note 21)

\* Refer Note 41

\*\* Refer Note 45A

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>12 NON-CURRENT INVESTMENTS</b>				
Long-term Investments (At Cost)				
Quoted				
In Equity Instruments		1,398.8		1,097.6
In Debentures		250.0		372.5
In Bonds		426.9		52.1
In Zero Percent-Notes		-		1,038.9
Unquoted				
In Equity Instruments		163.0		152.9
In Government Security ₹ 10,000 ( Previous Year ₹ 10,000)		0.0		0.0
In Debentures		115.7		-
In Bonds		-		5.0
In Deposit		500.0		-
In Mutual Funds		3,035.2		741.1
		<b>5,889.6</b>		<b>3,460.1</b>
<b>AGGREGATE VALUE OF INVESTMENTS</b>				
	Book Value	Market Value	Book Value	Market Value
Quoted	2,075.7	3,680.0	2,561.1	5,018.0
Unquoted	3,813.9		899.0	
<b>13 DEFERRED TAX ASSETS (NET)</b>				
Deferred Tax Assets				
Depreciation on Fixed Assets	104.7		72.5	
Unpaid Liabilities	4,011.1		1,774.9	
Unabsorbed Loss (Refer Note 49)	1,015.6		1,857.3	
Intangibles	1,257.2		1,232.5	
Others	664.4	7,053.0	483.6	5,420.8
Less :				
Deferred Tax Liability				
Depreciation on Fixed Assets	217.9		418.9	
Others	-	217.9	1.3	420.2
		<b>6,835.1</b>		<b>5,000.6</b>
<b>14 LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured – Considered Good)				
Capital Advances		1,132.1		351.3
Security Deposits		153.2		91.5
Loans and Advances to Employees / Others		38.4		35.9
Prepaid Expenses		14.6		17.1
Advance Income Tax [Net of Provisions]		4,162.8		3,008.2
Balances with Government Authorities		446.4		285.8
		<b>5,947.5</b>		<b>3,789.8</b>

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>15 OTHER NON-CURRENT ASSETS</b>				
(Unsecured – Considered Good)				
Interest Accrued on Investments		26.7		-
Contractually Reimbursable		145.8		260.4
Unamortised Premium on Investments		1.6		1.9
		<b>174.1</b>		<b>262.3</b>
<b>16 CURRENT INVESTMENTS</b>				
<b>A) Current Portion of Long-term Investments (At Cost)</b>				
<b>Quoted</b>				
In Debentures		122.5		350.0
<b>Unquoted</b>				
In Debentures	-		250.0	
In Bonds	5.0		-	
In Mutual Funds	7,600.1		14,230.0	
In Passthrough Certificate	-		503.3	
In Deposits	5,260.0	12,865.1	2,245.0	17,228.3
<b>B) Other Current Investments (At lower of Cost and Fair value)</b>				
<b>Quoted</b>				
In Certificate of Deposits		-		445.2
In Bonds		249.9		-
<b>Unquoted</b>				
In Government Securities	148.6		164.0	
In Mutual Funds	2,351.2		650.0	
In Deposits	39.5		-	
In Commercial Paper	462.3	3,001.6	-	814.0
		<b>16,239.1</b>		<b>18,837.5</b>
<b>AGGREGATE VALUE OF INVESTMENTS</b>	<b>Book Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>Market Value</b>
Quoted	372.4	373.9	795.2	791.2
Unquoted	15,866.7		18,042.3	
<b>17 INVENTORIES</b>				
Raw and Packing Materials	8,247.8		7,029.7	
Goods-in-Transit	284.1	8,531.9	129.2	7,158.9
Work-in-Progress		4,118.5		3,294.2
Finished Goods	5,994.9		3,035.0	
Goods-in-Transit	820.3	6,815.2	661.9	3,696.9
Stock-in-trade	816.6		310.4	
Goods-in-Transit	52.4	869.0	12.5	322.9
Other Materials and Consumables	519.0		421.4	
Goods-in-Transit	16.2	535.2	0.5	421.9
		<b>20,869.8</b>		<b>14,894.8</b>

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>18 TRADE RECEIVABLES</b>				
(Unsecured – Considered Good unless stated otherwise)				
Outstanding for a period exceeding Six Months from the date they are due for payment				
Considered Good	2,674.6		1,343.0	
Doubtful	44.5		78.1	
	2,719.1		1,421.1	
Less: Provision for Doubtful Trade Receivables	44.5	2,674.6	78.1	1,343.0
Other Trade Receivables		18,112.8		10,150.7
		20,787.4		11,493.7

## 19 CASH AND CASH EQUIVALENTS

<i>Balances that meet the definition of Cash and Cash Equivalents as per AS3 Cash Flow Statement</i>				
Cash on Hand		8.4		5.5
Cheques, Drafts on Hand		150.0		74.3
Balance with Banks				
In Current Accounts	3,421.3		3,889.6	
In Deposit Accounts with Original Maturity less than 3 Months	12,613.7		2,756.3	
In EEFC Accounts	1,333.3	17,368.3	1,379.2	8,025.1
		17,526.7		8,104.9
<i>Other Bank Balances</i>				
In Deposit Accounts (Refer Footnote)	15,208.1		13,667.3	
In Earmarked Accounts:				
Unpaid Dividend Accounts	37.7		28.5	
Balances held as Margin Money or Security against Guarantees and Other Commitments (Refer Footnote)	899.4	16,145.2	245.6	13,941.4
		33,671.9		22,046.3

### Footnote

Other Bank Balances include Deposits amounting to ₹ 1,548.5 Million (Previous Year ₹ 2,932.5 Million) and Margin Monies amounting to ₹ 94.8 Million (Previous Year ₹ 51.6 Million) which have an Original Maturity of more than 12 months.

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>20 SHORT-TERM LOANS AND ADVANCES</b>				
(Unsecured – Considered Good unless stated otherwise)				
Security Deposits		40.2		9.5
Loans and Advances to Employees / Others				
Secured	300.0		751.2	
Unsecured	5,790.0		4,095.0	
Considered Doubtful	4.5		9.5	
	6,094.5		4,855.7	
Less: Provision for Doubtful Loans and Advances	4.5	6,090.0	9.5	4,846.2
Prepaid Expenses		659.6		648.0
Balances with Government Authorities		1,981.6		1,893.0
Advances for Supply of Goods and Services		1,655.3		1,095.0
		10,426.7		8,491.7
<b>21 OTHER CURRENT ASSETS</b>				
(Unsecured – Considered Good)				
Interest Accrued on Investments		547.8		250.8
Unamortised Premium on Investments		0.3		0.4
Export Incentives		204.0		209.8
Others:				
Insurance Claim	23.7		29.4	
Fixed Assets Held for Sale	3.6		20.6	
Contractually Reimbursable	159.4	186.7	100.5	150.5
		938.8		611.5



# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>22 REVENUE FROM OPERATIONS</b>				
Sale of Products		81,128.5		58,067.9
Other Operating Revenues				
Sale of Scrap	7.0		24.9	
Processing Charges Recovered	29.5		36.2	
Others	104.4	140.9	1.5	62.6
		81,269.4		58,130.5
<b>23 OTHER INCOME</b>				
Interest Income:				
Deposits with Banks	854.7		698.9	
Loans and Advances	336.0		821.6	
Current Investments	426.8		83.2	
Long-term Investments	169.0		429.8	
Others	191.1	1,977.6	198.9	2,232.4
Dividend Income on Long-term Investments (Previous Year ₹ 2,820)		0.2		0.0
Net Gain on Sale of:				
Current Investments	1,272.6		406.0	
Long-term Investments	1,142.6	2,415.2	21.5	427.5
Net Gain on Foreign Currency Transactions and Translation		-		390.0
Profit on Sale of Fixed Assets		3.8		6.0
Sundry Balances Written Back		0.3		0.7
Insurance Claims		43.4		20.4
Lease Rental and Hire Charges		82.3		53.1
Miscellaneous Income		192.3		417.7
		4,715.1		3,547.8
<b>24 COST OF MATERIALS CONSUMED</b>				
<i>Raw and Packing Materials</i>				
Inventory at the beginning of the year		7,158.9		5,311.7
Purchases during the year		19,889.0		16,745.0 *
Inventory at the end of the year		(8,531.9)		(7,158.9)
		18,516.0		14,897.8

\* Includes Inventories taken over on acquisition of Taro ₹ 3,360.8 Million

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>				
Inventories at the beginning of the year		7,314.0		5,256.3
Inventories at the end of the year		(11,802.7)		(7,314.0)
		(4,488.7)		(2,057.7)
<b>26 EMPLOYEE BENEFITS EXPENSE</b>				
Salaries and Wages		9,810.7		6,687.1
Contribution to Provident and Other Funds		1,088.6		714.8
Expense on Employee Stock Option (ESOP) Scheme		21.4		16.6
Staff Welfare Expenses		956.6		771.0
		11,877.3		8,189.5
<b>27 FINANCE COSTS</b>				
Interest Expense on:				
Borrowings		235.6		732.4
Others		46.4		6.4
		282.0		738.8
<b>28 OTHER EXPENSES</b>				
Consumption of Materials, Stores and Spare Parts		1,821.7		1,466.1
Conversion and Other Manufacturing Charges		1,598.3		1,055.7
Power and Fuel		1,456.5		967.8
Rent		260.4		206.2
Rates and Taxes		289.9		164.2
Insurance		210.4		205.1
Selling and Distribution		4,204.0		3,102.8
Commission and Discount		961.5		618.6
Repairs				
Buildings	134.6		136.3	
Machinery	748.6		549.0	
Others	323.3	1,206.5	176.9	862.2
Printing and Stationery		121.5		85.3
Travelling and Conveyance		386.9		296.0
Overseas Travel and Export Promotion		1,680.4		1,182.9
Communication		165.0		141.6
Provision for Doubtful Trade Receivables / Advances				
Provision for Doubtful Trade Receivables	15.4		12.9	
Sundry Balances / Trade receivable Written Off	78.4		5.1	
Less: Adjusted out of Provision for earlier years	(54.0)	39.8	(14.4)	3.6
Professional and Consultancy		3,083.8		2,404.1

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>28 OTHER EXPENSES (CONTD.)</b>				
Donations		52.5		3.3
Loss on Sale / Written Off of Fixed Assets		99.6		18.0
Net Loss on Foreign Currency Transactions and Translation		632.9		-
Increase / (Decrease) of Excise Duty on Inventory		76.8		(2.9)
Payment to Auditors				
As Auditors [includes ₹ 0.4 Million (Previous Year ₹ Nil) in respect of Previous Year]	93.5		113.9	
For Taxation Matters	0.5		3.6	
For Other Services	2.2		3.5	
Reimbursement of Expenses	0.3	96.5	0.2	121.2
Miscellaneous Expenses		1,588.8		2,138.1
		<b>20,033.7</b>		<b>15,039.9</b>
<b>Less:</b>				
Receipts from Research Activities		(158.6)		(188.6)
		<b>19,875.1</b>		<b>14,851.3</b>

## 29 NOTE: RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN NOTES 23 TO 28

Salaries and Wages		1,508.5		1,090.5
Contribution to Provident and Other Funds		165.5		74.2
Staff Welfare Expenses		93.8		102.0
Consumption of Materials, Stores and Spare Parts		978.4		840.7
Power and Fuel		81.3		74.2
Rates and Taxes		26.9		15.0
Rent		5.1		0.8
Insurance		8.8		34.5
Repairs				
Buildings	19.5		17.5	
Machinery	59.5		44.6	
Others	37.7	116.7	28.6	90.7
Printing and Stationery		15.2		14.0
Travelling and Conveyance		36.7		36.3
Communication		13.3		15.9
Professional and Consultancy		690.4		382.9
Loss on Sale of Fixed Assets (Net)		0.9		0.6
Miscellaneous Expenses		345.5		304.6
		<b>4,087.0</b>		<b>3,076.9</b>
<b>Less:</b>				
Interest Income	1.6		1.1	
Receipts from Research Activities	158.6		188.6	
Miscellaneous Income	35.1	195.3	27.2	216.9
		<b>3,891.7</b>		<b>2,860.0</b>

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

## 30 SIGNIFICANT ACCOUNTING POLICIES:

### I Basis of Consolidation:

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

(a) The financial statements of the Company and its Subsidiaries have been consolidated on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006. These financial statements have been prepared using uniform accounting policies for like transactions and other events in the similar circumstances.

Interest in Jointly Controlled Entities has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27- "Financial Reporting of Interests in Joint Venture"

(b) In case of foreign Subsidiaries / Jointly Controlled Entities, being non-integral foreign operations, translation of financial statements for consolidation is done in accordance with the policy stated in Note X below.

(c) The Consolidated Financial Statements of the Group include financial statements of certain subsidiaries prepared as of a different date from that of the Company's financial statements. Adjustments for effects of significant transactions and events that have occurred between the date of the financial statements of these subsidiaries and the date of the Parent Company's financial statements are made in the Consolidated Financial Statements.

(d) The excess of cost of investment in the Subsidiaries / Jointly Controlled Entities over the share of equity in the Subsidiaries / Jointly Controlled Entities as at the date of making the investment is recognised in the financial statements as Goodwill. Goodwill arising out of consolidation is not amortised. However, the same is tested for impairment at each Balance Sheet date. The excess of share of equity of the subsidiaries / Jointly Controlled Entities over the cost of acquisition of the respective investments as at the date of making the investment is treated as Capital Reserve. For this purpose, share of equity is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

(e) Minority Interest in the net assets of Subsidiaries consists of :

- i. the amount of equity attributable to the minorities at the date on which investment in Subsidiary is made, and
- ii. the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

### II Basis of Accounting

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

### III Use of Estimates

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

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

## IV Fixed Assets and Depreciation / Amortisation

Fixed Assets including Intangible assets are stated at historical cost (Net of cenvat credit) less accumulated depreciation / amortization thereon and impairment losses, if any. Depreciation on tangible assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 except for Caraco Pharmaceutical Laboratories Ltd. (Caraco), Taro Pharmaceutical Industries Ltd.(Taro), Alkaloida Chemical Company Zrt., Sun Pharmaceutical Industries (Australia) Pty. Ltd., Sun Pharmaceutical Industries (Europe) B.V., Sun Pharma Global (FZE), Sun Pharmaceutical Spain, SL., Sun Pharmaceuticals Italia S.R.L., Sun Pharmaceuticals Germany GmbH, Sun Pharmaceuticals France, TKS Farmaceutica Ltda., Sun Pharmaceutical UK Ltd., Sun Pharmaceutical Peru S.A.C., Sun Pharmaceutical (Bangladesh) Ltd., Sun Pharma Philippines Inc, Sun Pharma Global Inc , Sun Pharma MEA JLT, OOO "Sun Pharmaceutical Industries" Ltd , Sun Pharma De Mexico S.A De C.V and Sun Pharmaceutical Industries Inc depreciation is computed using the Straight Line Method over the estimated useful lives of the related assets, which ranges from 3 to 100 years. In case of the Company, Sun Pharmaceutical Industries and Sun Pharma Sikkim, assets costing ₹ 5,000 or less and in case of Sun Pharmaceutical Spain, SL. and Sun Pharmaceuticals Italia S.R.L assets costing Euro 601 and Euro 516.4 or less respectively are charged off as expense in the year of purchase. Leasehold land is amortised over the period of lease. At Taro, Leasehold improvements are depreciated using the Straight Line Method over the shorter of their useful lives or the terms of leases generally 5 - 10 years.

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

## V Leases

Lease rental for assets taken / given on operating lease are charged / credited to the Statement of Profit and Loss in accordance with Accounting Standard 19 - "Leases".

## VI Revenue Recognition

Sale of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of products. Export sales are recognized depending on the terms of customer arrangements, which is recognized either when the product is received by the customer at the destination point or at the time of shipment. Sales include delayed payment charges, and are stated net of returns, vat /sales tax, provision for chargebacks, medicaid, rebates, shelf stock adjustments, breakages and expiry and other sales deductions, made on the basis of management expectation taking into account past experience, customer experience, third-party prescription data, industry and regulatory changes and other relevant information which are revised as necessary.

## VII 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 carrying amount.

## VIII Inventories

Inventories consisting of raw and packing materials, other materials and consumables including R&D material, work in progress, stock in trade and finished goods are stated at lower of cost (raw and packing material and stock in trade - specific identification method; other material and consumables - FIFO basis; work-in-progress and finished goods - weighted average method) and net realisable value. In respect of Caraco cost is determined on specific identification basis, in respect of Alkaloida Chemical Company Zrt and Sun Pharmaceutical Industries, Inc cost is determined on FIFO basis, in respect of Taro Pharmaceutical Industries Ltd cost is determined on average cost basis.

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

## IX Research and Development

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

## X Foreign Currency Transactions and Translation

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

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

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

## XI Derivative Accounting

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

## XII Taxes on Income

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

## XIII Employee Benefits

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

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

## XIV 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.

## XV Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

## XVI Government Grants / Subsidy

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

## XVII Impairment of Assets

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

## XVIII Common/Convertible Preferred Stock Issued

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

- 31 a) The Consolidated Financial Statements present the consolidated accounts of Sun Pharmaceutical Industries Limited with its following Subsidiaries / Jointly Controlled Entities .

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year	
		Year ended 31st March, 2012	Year ended 31st March, 2011
<b>Direct Subsidiaries</b>			
1 Green Eco Development Centre Ltd.	India	100.00%	100.00%
2 Sun Pharma Global Inc.	British Virgin Islands	100.00%	100.00%
3 ZAO Sun Pharma Industries Ltd. (See note f)	Russia	100.00%	100.00%
4 Sun Pharmaceutical (Bangladesh) Ltd.	Bangladesh	72.50%	72.50%
5 Caraco Pharmaceutical Laboratories Ltd. (Caraco)	United States of America	100.00%	75.83%
6 TKS Farmaceutica Ltda	Brazil	100.00%	90.14%
7 Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%
8 Sun Pharmaceutical Industries Inc.	United States of America	100.00%	100.00%

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year	
		Year ended 31st March, 2012	Year ended 31st March, 2011
9 SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%
10 Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%
11 OOO "Sun Pharmaceutical Industries" Ltd.	Russia	99.00%	99.00%
12 Sun Pharma de Venezuela, CA.	Venezuela	100.00%	100.00%
13 Sun Pharma Laboratories Limited (formerly Sun Resins & Polymers Pvt Ltd)	India	100.00%	-
<b>Step down Subsidiaries</b>			
14 Caraco Pharma Inc.	United States of America	100.00%	75.83%
15 Chattem Chemicals Inc	United States of America	100.00%	100.00%
16 Taro Development Corporation	United States of America	100.00%	100.00%
17 Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%
18 Sun Pharmaceutical UK Ltd.	United Kingdom	100.00%	100.00%
19 Sun Pharmaceutical Industries (Australia) Pty. Ltd.	Australia	100.00%	100.00%
20 Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%
21 Sun Pharmaceutical Industries (Europe) B.V.	The Netherlands	100.00%	100.00%
22 Sun Pharmaceuticals Italia S.R.L.	Italy	100.00%	100.00%
23 Sun Pharmaceutical Spain, SL.	Spain	100.00%	100.00%
24 Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%
25 Sun Pharmaceuticals France	France	100.00%	100.00%
26 Sun Pharma Global (FZE)	U.A.E.	100.00%	100.00%
27 Sun Pharmaceuticals (SA) (Pty) Ltd.	South Africa	100.00%	100.00%
28 Sun Global Canada Pty. Ltd.	Canada	100.00%	100.00%
29 Sun Pharma Philippines Inc.	Phillipines	100.00%	-
30 Sun Pharmaceuticals Korea Ltd.	Korea	100.00%	-
31 Sun Global Development FZE	U.A.E.	100.00%	-
32 Caraco Pharmaceuticals Pvt. Ltd	India	100.00%	-
33 Sun Pharma Japan Ltd	Japan	100.00%	-
34 Sun Pharma HealthCare FZE	U.A.E.	100.00%	-
35 Sun Pharma MEA JLT	U.A.E.	100.00%	-
36 Morley and Company Inc	United States of America	100.00%	100.00%
37 Sun Laboratories FZE	U.A.E.	100.00%	100.00%
38 Sun Laboratories Inc.	United States of America	(See Note g )	100.00%
39 Taro Pharmaceutical Industries Ltd. (TARO)	Israel (See note b)	66.30%	66.30%
40 Taro Pharmaceuticals Inc.	Canada	66.30%	66.30%
41 Taro Pharmaceuticals U.S.A., Inc.	United States of America	66.30%	66.30%
42 Taro Research Institute Ltd.	Israel	66.30%	66.30%
43 Taro Pharmaceuticals North America, Inc.	Cayman Islands, British west Indies	66.30%	66.30%
44 Taro Pharmaceuticals Europe B.V.	The Netherlands	66.30%	66.30%
45 Taro Pharmaceuticals Ireland Ltd.	Ireland	66.30%	66.30%
46 Taro International Ltd.	Israel	66.30%	66.30%
47 Taro Pharmaceuticals UK Ltd.	United Kingdom	66.30%	66.30%
48 Taro Hungary Intellectual Property Licensing LLC.	Hungary	66.30%	66.30%



# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year	
		Year ended 31st March, 2012	Year ended 31st March, 2011
49 3 Skyline LLC	United States of America	66.30%	66.30%
50 One Commerce Drive LLC	United States of America	66.30%	66.30%
51 Tarochem Ltd.	Israel	66.30%	66.30%
52 Taro Pharmaceutical Laboratories INC	United States of America	66.30%	66.30%
53 Taro Pharmaceuticals Canada, Ltd.	Canada	66.30%	66.30%
54 Taro Laboratories Ltd	United States of America	(See Note h )	66.30%
55 Taro Healthcare Limited	United Kingdom	(See Note h )	66.30%
56 Taro Industries Limited	United Kingdom	(See Note h )	66.30%
57 Taro Manufacturing Limited	United Kingdom	(See Note h )	66.30%
58 Taro International Limited	United Kingdom	(See Note h )	66.30%
59 Taro Pharmaceutical India Private Ltd.	India	66.30%	66.30%
<b>Name of Partnership Firm</b>			
60 Sun Pharmaceutical Industries	India	97.50%	97.50%
61 Sun Pharma Sikkim	India	97.50%	97.50%
62 Sun Pharma Drugs	India	98.00%	98.00%
63 Sun Pharma Exports	India	(See Note i )	80.00%
<b>Name of Controlled Entity</b>			
64 Universal Enterprises (Pvt) Ltd.	India	97.50%	97.50%
<b>Jointly Controlled Entity</b>			
65 MSD - Sun LLC	Delaware	50.00%	-
<b>Subsidiary of Jointly Controlled Entity</b>			
66 MSD - Sun FZ LLC	U.A.E	50.00%	-

- b. The Financial Statements of the Company and Partnership Firms at Sr. no. 60 and 61 are audited by Deloitte Haskins & Sells. The Financial Statements in respect of all other subsidiaries and Partnership Firms are audited by other auditors except in respect of a subsidiary company at Sr No. 38 and Jointly Controlled Entities at Sr. Nos. 65 and 66 are unaudited and are consolidated on the basis of management accounts.
- c. The Board of Directors of Taro Pharmaceutical Industries Ltd (Taro) has decided to close the financial year on 31st March every year in place of 31st December followed hitherto. The first such Financial Statements with 31st March closing is for the period from 1st January, 2012 to 31st March, 2012. For the purpose of this consolidation, the Consolidated Financial Statement of Taro and its subsidiaries, listed under Sr. No. 39 to 59, for the year ended 31st March, 2012 have been compiled based on the audited Consolidated Financial Statements for the year ended 31st December, 2011 and audited Consolidated Financial Statement for the period from 1st January, 2012 to 31st March 2012 and further adjusted in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements as notified under Companies (Accounting Standards) Rules, 2006, for the significant transactions of the subsidiary group for the periods from 1st January, 2011 to 31st March, 2011.

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

- d. In respect of entities at Sr. No. 3, 6, 7, 9, 10 and 11, the reporting date is as of 31st December, 2011 and different from the reporting date of the Parent Company and the financial statements have been audited by other auditors. In terms of Accounting Standard 21, adjustments have been made for significant transactions of these subsidiaries for the periods from 1st January, 2011 to 31st March, 2011 and 1st January, 2012 to 31st March, 2012, on the basis of their management accounts for the said periods.

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

- e. Entities at Sr. No.13, 29,30,31,32,33,34,35,65 and 66 have been incorporated / acquired during the year ended 31st March,2012.
- f. ZAO Sun Pharma Industries Ltd. is in the process of Liquidation and has appointed Official Liquidator as per the terms of Resolution passed at the General Meeting of the Subsidiary held on 29th October,2002.
- g. With effect from 14th June, 2011 Sun Laboratories Inc has been merged with the Caraco .
- h. With effect from 31st January, 2012 the entities at Sr. No. 54,55,56,57,58 have been dissolved.
- i. With effect from 27th January, 2012 Sun Pharma Exports have been dissolved .
- j. Significant Accounting Policies and other Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
--	--	--

## 32 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

A) Contingent Liabilities		
I) Claims against the Group not acknowledged as debts [Includes ₹ 743.7 million (Previous year ₹ 781.4 million pertaining to Taro)]	834.4	820.2
II) Guarantees Given by the bankers on behalf of the Group	303.8	176.3
III) Others :		
Letters of Credit for Imports	250.0	187.8
Liabilities Disputed - Appeals filed with respect to :		
Income Tax on account of Disallowances / Additions	5,091.9	2,562.0
Withholding Tax due, relating to Employees of Taro	-	2,359.6
Sales Tax on account of Rebate / Classification	22.9	25.6
Excise Duty on account of Valuation / Cenvat Credit	340.2	326.8
ESIC Contribution on account of applicability	0.2	0.2
Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, including interest there on, enjoyed by the Group	14.0	14.0
Demand by JDGFT import duty with respect to import alleged to be in excess of entitlement as per the Advanced Licence Scheme	12.0	11.5
IV) Sun Pharma Global Inc. / Sun Pharma Global FZE (Sun Global) along with Teva and others have sold pantoprazole tablets in the United States. Wyeth and Nycomed (Plaintiffs) have instituted case against Sun Global and their parent Sun Pharmaceutical Industries Ltd, (collectively Sun) and Teva and others (Defendants) claiming damages in the form of lost profits, including price erosion damages, for the sales Plaintiffs lost as a result of Defendants i.e Teva and Sun Global's sales of pantoprazole tablets in the United States. Wyeth's experts have estimated the purported damages from Sun to be \$ 960 Million ( ₹ 48,835.2 Million). Wyeth's experts have also claimed Teva may be liable for some of Sun Global's damages and vice versa. The claim for damages will require Wyeth and Nycomed to meet the burden to prove the amount of damages it claims. In the yet to be scheduled Jury trial in the U.S District Court for the district of New Jersey, a jury will determine the appropriate level of damages assessable against Sun and Teva. After this decision the previous ruling on the validity of the patent as well as the ruling on the quantum of damages will become appealable before United States Court of Appeals of the Federal Circuit. Sun maintains that the patent is invalid and unenforceable and will pursue all available legal remedies including appeals until a final non-appealable decision ensues.		

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
<b>B) Commitments</b>		
I) Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	4,349.0	1,739.3
II) Derivative related Commitments - Forward Foreign Exchange Contracts	2,034.8	2,671.2
III) Lease related commitments [Refer Note :41 d (i)]		

### 33 LEGAL PROCEEDINGS

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

### 34 DISCLOSURES RELATING TO SHARE CAPITAL

#### i Rights, Preferences and Restrictions attached to Equity Shares

The Equity Shares of the Company, having par value of ₹ 1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

#### ii Equity Shares held by each shareholder holding more than 5 percent Equity Shares in the Company are as follows:

Name of Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Dilip Shantilal Shanghvi	115,570,240	11.2	115,570,240	11.2
Viditi Investments Pvt. Ltd.	100,692,660	9.7	100,692,660	9.7
Tejaskiran Pharmachem Inds. Pvt. Ltd.	97,671,880	9.4	97,671,880	9.4
Family Investment Pvt. Ltd.	91,463,720	8.8	91,463,720	8.8
Quality Investment Pvt. Ltd.	91,434,320	8.8	91,434,320	8.8

	Year ended 31st March, 2012 ₹ in Million	Year ended 31st March, 2011 ₹ in Million
--	---	---

### 35 RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue (Excluding Depreciation)	3,891.7	2,860.0
Capital	361.5	236.1
<b>Total</b>	<b>4,253.2</b>	<b>3,096.1</b>

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

	Year ended 31st March, 2012 ₹ in Million	Year ended 31st March, 2011 ₹ in Million
<b>36 GOODWILL ON CONSOLIDATION (NET) COMPRISES OF:</b>		
A) Goodwill in respect of :		
Caraco Pharmaceutical Laboratories Ltd.	5,981.0	5,012.0
TKS Farmaceutica Ltda	417.8	400.1
Sun Pharma Japan Ltd	75.4	-
Universal Enterprises (Pvt) Ltd.	7.5	7.5
Taro Pharmaceutical Industries Ltd.	4,618.9	3,182.6
<b>Total (A)</b>	<b>11,100.6</b>	<b>8,602.2</b>
Less:		
B) Capital Reserve in respect of :		
Alkaloida Chemical Company Zrt.	882.5	882.5
<b>Total (B)</b>	<b>882.5</b>	<b>882.5</b>
<b>Total (A-B)</b>	<b>10,218.1</b>	<b>7,719.7</b>

## 37 RELATED PARTY DISCLOSURE (AS-18) - AS PER ANNEXURE 'A'

## 38 ACCOUNTING STANDARD (AS-20) ON EARNINGS PER SHARE

Profit for the year before Minority Interest	30,421.7	19,073.7
Less: Minority Interest	3,854.8	913.1
Profit used as Numerator for calculating Earnings Per Share	26,566.9	18,160.6
Weighted Average number of Shares used in computing basic and diluted Earnings Per Share	1,035,581,955	1,035,581,955
Nominal value per share (in ₹)	1.0	1.0
Basic and Diluted Earnings Per Share (in ₹)	25.7	17.5

## 39 ACCOUNTING STANDARD (AS-17) ON SEGMENT REPORTING

a) Primary Segment		
The Group has identified "Pharmaceuticals" as the only primary reportable business segment.		
b) Secondary Segment (By Geographical Segment)		
India	30,506.1	24,947.2
Outside India	50,622.4	33,120.7
<b>Sale of Products</b>	<b>81,128.5</b>	<b>58,067.9</b>

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

- 40 Intangible assets consisting of trademarks, designs, technical knowhow, non compete fees and other intangible assets are stated at cost of acquisition based on their agreements and are available to the Group in perpetuity. The depreciable amount of intangible assets is arrived at, based on the management's best estimates of useful lives of such assets after due consideration as regards their expected usage, the product life cycles, technical and technological obsolescence, market demand for products, competition and their expected future benefits to the Group.
- 41 (a) The Group has given certain premises for its operations and Plant and Machinery 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 license, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Group has received refundable interest free security deposits, where applicable, in accordance with agreed terms.

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

- (b) The Group has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and licences, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Group has given refundable interest free security deposits in accordance with the agreed terms.
- (c) Lease receipts/payments are recognised in the Statement of Profit and Loss under “Rent” in Note 23 and Note 28.
- (d) Operating lease
- (i) Group as lessee
- The future minimum lease payments under non-cancellable operating lease
- not later than one year ₹ 240.8 Million (Previous year ₹ 176.7 Million)
  - later than one year and not later than five years ₹ 498.6 Million (Previous year ₹ 477.1 Million)
  - later than five years ₹ 74.6 Million (Previous year ₹ 120.1 Million)
- (ii) Group as lessor
- The future minimum lease payments under non-cancellable operating lease
- not later than one year ₹ 66.4 Million (Previous year ₹ 16.0 Million)
  - later than one year and not later than five years ₹ 118.4 Million (Previous year ₹ Nil)
  - later than five years ₹ Nil (Previous year ₹ Nil)

## 42 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 Group make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund are made only by the Group. 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 ₹ 142.4 Million (Previous year ₹ 115.4 Million).

	Year ended 31st March, 2012 ₹ in Million	Year ended 31st March, 2011 ₹ in Million
Contribution to Provident Fund	130.9	106.3
Contribution to Employees State Insurance Scheme (ESIC) and Employees Deposit Linked Insurance	7.3	6.2
Contribution to Labour Welfare Fund	0.1	0.1
Employer's Contribution to Family Pension Fund	4.1	2.8

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 with corresponding charge to the Statement of Profit and Loss amounting to ₹ 56.2 Million (Previous Year ₹ 47.4 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. After the issuance of Accounting Standard 15 on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

**Category of Plan Assets :** The Group's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India.

In respect of gratuity (funded):

	₹ in Million	
	Year ended	
	31st March, 2012	31st March, 2011
<b>Reconciliation of liability / (asset) recognised in the Balance sheet</b>		
Present value of commitments (as per Actuarial Valuation)	311.6	257.3
Fair value of plan assets	(347.6)	(284.2)
Net liability / (asset) in the Balance sheet	(36.0)	(26.9)
<b>Movement in net liability / (asset) recognised in the Balance sheet</b>		
Net liability / (asset) as at the beginning of the year	(26.9)	(16.8)
Net expense recognised in the Statement of Profit and Loss	39.2	30.6
Contribution during the year	(48.3)	(40.7)
Net liability / (asset) in the Balance sheet	(36.0)	(26.9)
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	31.3	26.7
Interest cost	21.2	18.9
Expected return on plan assets	(23.4)	(21.4)
Actuarial loss	10.1	6.4
Expense charged to the Statement of Profit and Loss	39.2	30.6
<b>Return on plan assets</b>		
Expected return on plan assets	23.4	21.4
Actuarial gain	6.8	3.4
Actual return on plan assets	30.2	24.8
<b>Reconciliation of defined-benefit commitments</b>		
Commitments as at the beginning of the year	257.3	219.5
Current service cost	31.3	26.7
Interest cost	21.2	18.9
Paid benefits	(15.1)	(17.6)
Actuarial loss	16.9	9.8
Commitments as at the year end	311.6	257.3
<b>Reconciliation of plan assets</b>		
Plan assets as at the beginning of the year	284.2	236.3
Expected return on plan assets	23.4	21.4
Contributions during the year	48.3	40.7
Paid benefits	(15.1)	(17.6)
Actuarial gain	6.8	3.4
Plan assets as at the year end	347.6	284.2
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	8.50%	8.25%
Expected return on plan assets	8.50%	8.25%
Expected rate of salary increase	6.00%	6.00%
Mortality	LIC (1994-96) Ultimate	

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

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.

	₹ in Million				
	Year ended				
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Experience adjustment					
On plan liabilities	26.5	18.1	57.2	5.4	127.4
On plan assets	6.8	3.4	3.4	4.1	2.5
Present value of benefit obligation	311.6	257.3	219.5	148.1	111.0
Fair value of plan assets	(347.5)	(284.2)	(236.3)	(194.3)	(107.0)
Excess of obligation over plan assets / (plan assets over obligation)	(35.9)	(27.0)	(16.8)	(46.2)	4.0

The contribution expected to be made by the Group during financial year ending 31st March, 2013 is ₹ 38.0 Million ( Previous Year ₹ 38.7 Million).

Note :

The above disclosure are provided to the extent applicable and available from the individual Financial Statements of subsidiaries and Jointly Controlled Entities

- 43 a) Taro Pharmaceutical Industries Ltd. and its Israeli subsidiaries are required to make severance or pension payments to dismissed employees and to employees terminating employment under certain other circumstances. Deposits are made with a pension fund or other insurance plans to secure pension and severance rights for the employees in Israel.
- b) In terms of Collective bargaining agreement between Taro Pharmaceutical Industries Ltd (employer) with it's employees at Israel, a one time payment of ₹ 76.3 Million (Previous Year ₹ 66.7 Million) has been accrued as on March 2012, which is to be divided among Taro Israeli Employees.
- 44 Stock-based compensation is accounted at Taro Pharmaceutical Industries Ltd (Taro) based on the estimated fair value of stock options granted using the Black-Scholes model. Taro recognize compensation expense for the value of its awards granted subsequent to January 1, 2006, based on the straight-line method over the requisite service period of each of the awards, net of estimated forfeitures. The fair value of an award is affected by the stock price on the date of grant and other assumptions, including the estimated volatility of stock price over the term of the awards and the estimated period of time that Taro expect employees to hold their stock options.

A summary of Taro stock activity and related information for the year ended March 2012

	No. of Options	Exercise price	Weighted Average Exercised Price (In USD)	Weighted Average remaining Contractual Terms (in Years )	Aggregate Intrinsic Value (In USD)
Outstanding at the beginning of the year	435,705	2.38 - 68.51	25.25		
Exercised during the year	-32,400	2.44 - 14.08	9.34		
Forfeited during the year	-74,250	11.91 - 68.51	28.94		
Outstanding at the end of the year	329,055	2.38 - 68.51	25.99	1.87	4,800.0
Exercisable at the end of the year	329,055		25.99	1.87	4,800.0
Vested and expected to vest at the end of the year	329,055		25.99	1.87	4,800.0

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

- 45 a) During the year, the Group has received Government Grant of ₹ 2.0 Million (Previous Year Nil) and ₹ 7.5 Million (Previous Year Nil) in respect of Building and Plant and Equipment respectively.
- b) Capital work in progress includes ₹ Nil (Previous Year ₹ 2.7 Million) on account of preoperative expenses.
- 46 Current Tax includes Write back of Provision for Fringe Benefit Tax (net) of ₹ 0.6 Million (Previous Year ₹ Nil) pertaining to earlier year.
- 47 The following are the outstanding Derivative Contracts entered by the Company & some of its Subsidiaries as on 31st March, 2012.

Nature of Derivative Contract	Currency	Buy / Sell	Cross Currency	As at	As at
				31st March, 2012	31st March, 2011
				Amount in Million (USD)	Amount in Million (USD)
Forward Contracts	US Dollar	Sell	RUPEES	330.0	315.0
Forward Contracts	US Dollar	Sell	HUF	5.0	-
Forward Contracts	US Dollar	Sell	NIS	45.0	-
Forward Contracts	US Dollar	Sell	CAD	96.0	-
Cross Currency Swaps	Israeli New Shekel	Buy	US Dollar	29.1	7.7
Interest Rate Swaps	US Dollar	Sell	US Dollar	10.2	1.0

- 48 As a result of the FDA action, Caraco Pharmaceutical Laboratories Ltd (Caraco) had voluntarily ceased manufacturing operations. Caraco had engaged a consulting firm which is comprised of current Good Manufacturing Practice ("cGMP") experts, in accordance with the Consent Decree, and submitted a work plan to the FDA in October 2009 for remedial actions leading to resumption of its manufacturing operations. The FDA approved Caraco's work plan on 17th March, 2010 after reviewing and suggesting certain modifications. On 24th June, 2010 the FDA notified Caraco that its protocol for third party cGMP certification and batch certification, detailing the activities to be conducted by the cGMP consultants, was acceptable. On 9th May, 2011, Caraco received written notification that its cGMP consultants, had submitted its written certification to FDA. In December 2011, the FDA conducted the first inspection of the facility in response to a product certification report submitted by Caraco and its consultants. At the close of this inspection, the FDA provided some minor observations for which Caraco is in the process of implementing the corrective actions and remedial measures as stipulated in the work plan.
- 49 Deferred tax assets balance in some of the subsidiaries includes timing difference related to net operating losses carried forward which had arisen mainly on account of unanticipated extraordinary excessive products returns in some of the previous years and focus on research and development activities. The Management believes that recent history of profitability, growth in operations and revenue, recent approval of some products by FDA including expected approvals for additional products including some high value products, favorable business environment and products having exclusivity period in the Unites States of America, represents virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 50 On October 18, 2011 the company issued a letter to Taro Pharmaceutical Industries Ltd (Taro) making a non-binding proposal for the acquisition of all the issued and outstanding shares of Taro, not currently held by the company, at a price of \$24.50 per share, in cash. Taro's Board of Directors formed an independent special committee to review and evaluate the offer which it continues to do with its independent and financial and legal advisors.
- 51 Taro Pharmaceutical Industries Ltd. had closed during 2010, i.e., prior to acquiring control by the Company, the manufacturing facility of its subsidiary in Ireland and decided to sell the facility. The management of the group is of the view that the closure does not have material impact on the groups financial. The related assets of ₹ 140.57 Million (Previous Year ₹ 194.3 Million), Liabilities of ₹ 4.52 Million (Previous Year ₹ 11.6 Million), Revenues of ₹ 2.6 Million (Previous Year ₹ 11.9 Million) and Losses of ₹ 11.1 Million (Previous Year ₹ 32.3 Million) attributable to its Irish Subsidiary has been considered in the Consolidated Financial Statements.



# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

- 52 Alkaloida Chemical Company Zrt., a subsidiary of the company holds 43.2% in the capital of Reanal Ltd. However, as Alkaloida does not have any 'Significant Influence' in Reanal Ltd, as is required under AS 23- "Accounting for Investments in Associates in Consolidated Financial Statements", the said investment in Reanal Ltd is not consolidated as an "Associate Entity". Accordingly, the investment in Reanal Ltd is accounted in accordance with Accounting Standard 13- "Accounting for Investments".
- 53 As per the best estimate of the management, provision has been made as per Accounting Standard (AS) 29, as notified by Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
<b>Provision*</b>		
Opening balance	4,735.3	19.3
Add: Taken over on acquisition of Taro	-	4,498.4
Add: Provision for the year	4,368.6	7,662.3
Less: Utilisation / Settlement	(2,390.3)	(7,410.9)
Add/ (Less): Foreign currency translation Difference	91.5	(33.8)
<b>Closing balance</b>	<b>6,805.1</b>	<b>4,735.3</b>

\* The above includes provisions for Product returns, Chargebacks, Medicaid, cash discount and rebates and Pending Lawsuits, penalties and fines.

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

- 54 The consolidated financial statements of the Company for the year ended 31st March, 2012 were earlier approved by the Board of Directors at their meeting held on 29th May, 2012 on which the Statutory Auditors of the Company had issued their report dated 29th May, 2012. Subsequently, the Board of Directors approved the Scheme of Arrangement in the nature of spin off, of Domestic Formulation Undertaking of the Parent Company, comprising specified assets, without any liabilities, pertaining to the said undertaking, on a going concern basis without consideration into Sun Pharma Laboratories Limited (SPLL - formerly known as Sun Resins & Polymers Private Ltd), a wholly owned subsidiary of the Company, effective from the close of the business hours on 31st March 2012, the appointed date. Consequent to the Orders dated 3rd May, 2013 of the Hon'ble High Court of Gujarat and the Hon'ble High Court of Bombay sanctioning the said Scheme of Arrangement, the standalone financial statements of the parent Company and SPLL, were revised only to give effect to the said spin off, effective from 31st March, 2012. In view of the above, the earlier approved consolidated financial statements are revised to incorporate the revised standalone financial statements of the aforesaid entities.
- 55 Statement regarding subsidiary companies as required under 212 (8) of the Companies Act, 1956 pursuant to General Circular No. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs - As per Annexure 'B'.
- 56 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the group financial statements.
- 57 The Revised Schedule VI has been effective from 1st April, 2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures are restated / regrouped / rearranged wherever necessary in order to conform to current year's groupings and classifications.

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

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

ANNEXURE 'A'

### Names of related parties and description of relationship

1. Key Management Personnel	Mr. Dilip S. Shanghvi	Managing Director
	Mr. Sudhir V. Valia	Wholetime Director
	Mr. Sailesh T. Desai	Wholetime Director
	Mr. S. Kalyanasundaram	Chief Executive Officer and Wholetime Director
2. Relatives of Key Management Personnel	Mr. Aalok Shanghvi	Son of Chairman and Managing Director
	Ms. Khyati Valia	Daughter of Wholetime Director
	(till 31st March 2011)	
3. Enterprise under significant Influence of Key Management Personnel or their relatives	Sun Petrochemicals Pvt Ltd	
	Navjivan Rasayan (Gujarat) Pvt Ltd	
	Sun Pharma Advanced Research Company Ltd	
	Shantilal Shanghvi Foundation	
	Sugandh Management Consultancy	

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		₹ in Million	
							Total	
	31/03/12	31/03/11	31/03/12	31/03/11	31/03/12	31/03/11	31/03/12	31/03/11
<b>Purchases of goods / DEP B</b>	-	-	-	-	2.0	0.9	2.0	0.9
Sun Petrochemicals Pvt Ltd	-	-	-	-	2.0	0.9	2.0	0.9
<b>Purchase of Fixed Assets</b>	-	-	-	-	-	0.2	-	0.2
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	0.2	-	0.2
<b>Sale of goods / DEP B</b>	-	-	-	-	8.1	13.9	8.1	13.9
Sun Pharma Advanced Research Company Ltd	-	-	-	-	6.7	12.2	6.7	12.2
Sun Petrochemicals Pvt Ltd	-	-	-	-	1.4	1.7	1.4	1.7
<b>Sale of Fixed Assets</b>	-	-	-	-	-	0.2	-	0.2
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	0.2	-	0.2
<b>Receiving of Service</b>								
<b>Services</b>	-	-	-	-	122.1	114.5	122.1	114.5
Sun Pharma Advanced Research Company Ltd	-	-	-	-	122.1	114.5	122.1	114.5
<b>Reimbursement of Expenses</b>	-	-	-	-	-	0.5	-	0.5
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	0.5	-	0.5

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant influence of Key Management Personnel or their relatives		₹ in Million	
	Total		Total		Total		Total	
	31/03/12	31/03/11	31/03/12	31/03/11	31/03/12	31/03/11	31/03/12	31/03/11
<b>Loans Given</b>	-	-	-	-	10.3	140.7	10.3	140.7
Sugandh Management Consultancy	-	-	-	-	10.3	140.7	10.3	140.7
<b>Loans Received back / share Application Money Refund</b>	-	-	-	-	-	131.4	-	131.4
Sugandh Management Consultancy	-	-	-	-	-	131.4	-	131.4
<b>Rendering of Service</b>	-	-	-	-	-	-	-	-
<b>Reimbursement of Expenses</b>	-	-	-	-	31.4	24.8	31.4	24.8
Sun Pharma Advanced Research Company Ltd	-	-	-	-	31.4	24.8	31.4	24.8
<b>Donation Given</b>	-	-	-	-	50.0	-	50.0	-
Shantilal Shanghvi Foundation	-	-	-	-	50.0	-	50.0	-
<b>Rent Income</b>	-	-	-	-	1.4	1.4	1.4	1.4
Sun Pharma Advanced Research Company Ltd	-	-	-	-	1.3	1.3	1.3	1.3
Others	-	-	-	-	0.1	0.1	0.1	0.1
<b>Director's Remuneration</b>	174.8	83.3	-	-	-	-	174.8	83.3
Mr. Dilip S. Shanghvi	82.3	30.4	-	-	-	-	82.3	30.4
Mr. Sudhir V. Valia	60.5	25.1	-	-	-	-	60.5	25.1
Mr. S. Kalyanasundaram	24.5	20.0	-	-	-	-	24.5	20.0
Mr. Sailesh T. Desai	7.5	7.8	-	-	-	-	7.5	7.8
<b>Apprenticeship Stipend / Remuneration</b>	-	-	39.8	9.6	-	-	39.8	9.6
Mr. Alok Shanghvi	-	-	39.8	9.1	-	-	39.8	9.1
Ms. Khyati Valia	-	-	-	0.5	-	-	-	0.5
<b>Outstanding receivables / Payables (Net) as on 31/03/2012</b>	(42.7)	(32.9)	(37.7)	(8.2)	34.4	19.6	(46.0)	(21.5)
Sun Pharma Advanced Research Company Ltd	-	-	-	-	34.4	19.6	34.4	19.6
Mr. Dilip S. Shanghvi	(22.4)	(16.8)	-	-	-	-	(22.4)	(16.8)
Mr. Sudhir V. Valia	(15.3)	(11.6)	-	-	-	-	(15.3)	(11.6)
Mr. Alok Shanghvi	-	-	(37.7)	(8.1)	-	-	(37.7)	(8.1)
Ms. Khyati Valia	-	-	-	(0.1)	-	-	-	(0.1)
Others	(5.0)	(4.5)	-	-	-	-	(5.0)	(4.5)

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

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

SR NO	Name of the Subsidiary Company	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
1	Green Eco Development Center Ltd.	INR	1.00	1.0	(0.2)	3.7	2.9	-	-	(0.1)	-	(0.1)	-
2	Sun Pharma Global Inc.	USD	50.87	125.8	33,876.1	54,157.2	20,155.3	1,481.3	-	1,815.2	-	1,815.2	-
3	Zao Sun Pharma Industries Ltd.	RRU	1.74	0.0	(0.0)	-	-	-	-	-	-	-	-
4	Sun Pharmaceutical (Bangladesh) Ltd	TAKA	0.62	37.2	209.5	386.0	139.3	-	441.6	92.7	40.6	52.1	-
5	Caraco Pharmaceutical Laboratories Ltd	USD	50.87	7,205.9	506.3	17,550.3	9,838.1	-	14,642.1	3,478	133.4	214.4	-
6	TKS Farmaceutica Ltda	Brazilian reais	27.84	155.2	(349.9)	614.2	809.0	39.5	629.3	(261.4)	-	(261.4)	-
7	Sun Pharma De Mexico S.A. DE C.V.	Mexican Pesos	3.97	4.0	80.3	489.2	404.9	-	596.9	32.1	21.9	10.2	-
8	Sun Pharmaceutical Industries Inc.	USD	50.87	0.3	(4,715.4)	7,033.0	11,748.2	-	708.9	(1,711.1)	(581.6)	(1,129.5)	-
9	SPI De Mexico S.A. DE C.V.	Mexican Pesos	3.97	0.2	-	0.2	-	-	-	-	-	-	-
10	Sun Pharmaceutical Peru S.A.C	Soles	19.08	0.0	(37.3)	1.2	38.4	-	-	(10.7)	-	(10.7)	-
11	OOO "Sun Pharmaceutical Industries" Ltd.	RRU	1.74	0.1	(47.5)	616.1	663.5	-	504.0	(57.0)	(8.4)	(48.6)	-
12	Sun Pharma de Venezuela, CA	Venezuelan Fuerte (VEF)	12.00	0.8	(105.2)	20.8	125.2	-	-	(105.2)	-	(105.2)	-
13	Caraco Pharma Inc.	USD	50.87	-	-	-	-	-	-	-	-	-	-
14	Chatham Chemicals Inc	USD	50.87	1,751.6	562.0	2,427.6	1,133.9	-	1,445.6	254.7	53.4	201.3	-
15	Taro Development Corporation	USD	50.87	0.0	(0.3)	1,010.3	1,010.6	-	-	(0.3)	-	(0.3)	-
16	Alkaloida Chemical Company Zrt.	USD	50.87	4,484.2	(2,196.0)	28,564.6	26,276.4	162.0	845.2	(1,085.6)	-	(1,085.6)	-
17	Sun Pharmaceutical UK Ltd.	GBP	81.44	0.1	(109.2)	265.3	374.4	-	331.5	(23.2)	-	(23.2)	-
18	Sun Pharmaceutical Industries (Australia) Pty. Ltd.	AUD	52.61	0.0	(5.1)	11.0	16.1	-	3.1	(4.2)	-	(4.2)	-
19	Aditya Acquisition Company Ltd.	Israeli New Shekel, NIS	13.73	0.0	(0.1)	-	0.1	-	-	(0.0)	-	(0.0)	-
20	Sun Pharmaceutical Industries (Europe) B.V.	EURO	67.88	1.2	(165.8)	320.9	485.5	-	328.9	(41.1)	-	(41.1)	-
21	Sun Pharmaceuticale Italia S.R.L.	EURO	67.88	0.7	(204.0)	310.7	514.1	-	108.8	(78.6)	-	(78.6)	-
22	Sun Pharmaceutical Spain, SL	EURO	67.88	0.2	(167.1)	159.7	326.6	-	46.0	(56.0)	-	(56.0)	-
23	Sun Pharmaceuticale Germany GmbH	EURO	67.88	1.7	(141.1)	141.4	280.8	-	212.1	(61.7)	-	(61.7)	-
24	Sun Pharmaceuticale France	EURO	67.88	2.5	(104.3)	62.9	164.7	-	87.8	(30.9)	-	(30.9)	-
25	Sun Pharma Global (FZE)	USD	50.87	209.8	6,984.1	8,957.7	1,763.8	-	9,921.2	5,104.3	-	5,104.3	-
26	Sun Pharmaceutical (SA) (Pty) Ltd.	ZAR	6.61	0.0	(0.0)	0.0	0.0	-	-	(0.0)	-	(0.0)	-
27	Sun Global Canada Pty. Ltd.	USD	50.87	0.1	(0.6)	-	0.6	-	-	(0.2)	-	(0.2)	-
28	Sun Laboratories Inc.**	USD	50.87	0.0	-	0.0	0.0	-	-	-	-	-	-
29	Sun Laboratories FZE	USD	50.87	623.3	(0.5)	622.8	0.0	-	-	(0.5)	-	(0.5)	-
30	Sun Global Development Fze	USD	50.87	1,454.4	(0.5)	1,450.0	0.0	-	-	(0.5)	-	(0.5)	-
31	Sun Pharma Japan Ltd	JPY	0.61	36.6	(41.0)	7.9	12.3	-	-	(4.4)	-	(4.4)	-
32	Sun Pharma Philippines Inc	PESO	1.22	10.6	(1.2)	9.9	0.5	-	-	(1.2)	-	(1.2)	-
33	Sun Pharma MEA, JLT	USD	50.87	138.5	(22.7)	314.1	198.2	-	-	(22.7)	-	(22.7)	-
34	Sun Pharma Health Care FZE	USD	50.87	1,454.4	-	1,454.4	-	-	-	-	-	-	-
35	Sun Pharmaceuticale Korea Limited	KRW	0.04	4.5	(0.8)	4.5	0.9	-	-	(0.8)	-	(0.8)	-
36	Caraco Pharmaceuticals Private Limited	INR	1.00	0.1	(0.0)	0.1	0.0	-	-	(0.0)	-	(0.0)	-
37	Sun Resins & Polymers Private Limited	INR	1.00	0.1	1.0	116.8	115.7	116.8	0.0	0.0	-	0.0	-
38	Morley and Company Inc	USD	50.87	0.2	(0.1)	0.2	0.1	-	-	(0.1)	-	(0.1)	-
39	Taro Pharmaceutical Industries Ltd.(TARO)*	USD	50.87	34.6	28,822.2	32,326.6	3,469.8	2.3	10,530.1	9,378.4	233.1	9,145.3	-
	Taro Pharmaceutical Industries Ltd.(TARO)**	USD	50.87	34.6	31,454.3	35,433.8	3,944.8	2.3	2,937.9	2,508.6	142.0	2,366.6	-

# Notes

forming part of the Consolidated financial statement for the year ended 31st March, 2012

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

SR NO	Name of the Subsidiary Company	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
40	Taro Pharmaceuticals Inc.*	CAD	50.98	0.0	11,710.8	15,206.8	3,496.0	-	13,277.9	7,559.4	1,898.0	5,661.4	-
	Taro Pharmaceuticals Inc.**	CAD	50.98	0.0	12,179.2	15,908.9	3,729.7	-	2,404.9	912.9	444.5	468.4	-
41	Taro Pharmaceuticals U.S.A., Inc.*	USD	50.87	7.4	(3,748.2)	20,011.2	23,752.1	147.6	21,346.0	977.4	3.5	973.9	-
	Taro Pharmaceuticals U.S.A., Inc.**	USD	50.87	7.4	(3,501.8)	19,446.9	22,941.4	148.6	6,107.2	404.2	159.0	245.1	-
42	Taro Research Institute Ltd.*	USD	50.87	0.0	51.2	419.4	368.2	-	990.5	56.7	13.5	43.2	-
	Taro Research Institute Ltd.**	USD	50.87	0.0	58.1	423.3	365.2	-	280.5	17.1	10.3	6.9	-
43	Taro Pharmaceuticals North America, Inc.*	USD	50.87	0.0	5,173.5	5,278.9	105.4	-	3,342.4	2,572.1	-	2,572.1	-
	Taro Pharmaceuticals North America, Inc.**	USD	50.87	0.0	5,612.9	5,720.2	107.3	-	585.9	439.4	-	439.4	-
44	Taro Pharmaceuticals Europe B.V.*	EURO	67.88	1.2	(22.7)	2.9	24.4	-	-	(1.7)	-	(1.7)	-
	Taro Pharmaceuticals Europe B.V.**	EURO	67.88	1.2	(23.1)	3.7	25.6	-	-	(0.4)	-	(0.4)	-
45	Taro Pharmaceuticals Ireland Ltd.*	EURO	67.88	3.40	(98.0)	173.8	237.8	-	-	4,005.9	-	4,005.9	-
	Taro Pharmaceuticals Ireland Ltd.**	EURO	67.88	3.40	(92.7)	173.1	231.7	-	-	5.3	-	5.3	-
46	Taro International Ltd.*	USD	50.87	0.0	(56.1)	230.0	296.5	-	402.3	6.5	(2.0)	8.5	-
	Taro International Ltd.**	USD	50.87	0.0	(56.2)	237.3	295.5	-	113.0	(0.3)	(0.2)	(0.1)	-
47	Taro Pharmaceuticals UK Ltd.*	GBP	81.44	0.0	(587.7)	331.6	919.3	-	876.5	13.2	0.2	13.0	-
	Taro Pharmaceuticals UK Ltd.**	GBP	81.44	0.0	(562.2)	327.1	889.3	-	184.5	25.7	0.1	25.6	-
48	Taro Laboratories Ltd.*	GBP	81.44	0.0	-	0.0	-	-	-	-	-	-	-
	Taro Laboratories Ltd.**	GBP	81.44	-	-	-	-	-	-	-	-	-	-
49	Taro Hungary Intellectual Property Licensing LLC.*	USD	50.87	5,173.2	0.4	5,200.0	26.4	-	-	190.9	23.6	167.3	-
	Taro Hungary Intellectual Property Licensing LLC.**	USD	50.87	5,173.2	1.7	5,208.1	33.1	249.9	-	47.6	4.8	42.8	-
50	Taro Healthcare Limited*	GBP	81.44	0.1	-	0.2	0.1	-	-	-	-	-	-
	Taro Healthcare Limited**	GBP	81.44	-	-	-	-	-	-	-	-	-	-
51	Taro Industries Limited*	GBP	81.44	0.1	-	0.1	-	-	-	-	-	-	-
	Taro Industries Limited**	GBP	81.44	-	-	-	-	-	-	-	-	-	-
52	Taro Manufacturing Limited*	GBP	81.44	0.1	-	0.1	-	-	-	-	-	-	-
	Taro Manufacturing Limited**	GBP	81.44	-	-	-	-	-	-	-	-	-	-
53	Taro Pharmaceuticals Canada, Ltd.*	CAD	50.98	0.0	(0.0)	0.1	0.1	-	-	-	-	-	-
	Taro Pharmaceuticals Canada, Ltd.**	CAD	50.98	0.0	(0.0)	0.1	0.1	-	-	-	-	-	-
54	Taro International Limited*	GBP	81.44	0.1	-	0.1	-	-	-	-	-	-	-
	Taro International Limited**	GBP	81.44	-	-	-	-	-	-	-	-	-	-
55	Taro Pharmaceutical India Private Ltd.	INR	1.00	0.1	1.0	1.5	0.4	-	0.2	0.0	0.0	0.0	-

Note :

- 0.0' represents amount less than 0.05 million and rounded off.
- (a) During the Year Taro has changed its Financial Year closing to 31st March in place of 31st December followed hitherto. As a result, the above statement includes Taro and its Subsidiaries, (listed under Sr.No.39 to 54.) information for Financial year for 12 months ended on 31st December, 2011 (\*) and also for Financial period for 3 months ended on 31st March, 2012. (\*\*)  
(b) The above does not include 3 Skyline LLC, One Commerce Drive LLC, Tarochem Ltd and Taro Pharmaceutical Laboratories INC being subsidiaries of Taro Pharmaceutical Industries Ltd as they have no operation and does not have any Assets, Liabilities or Equity as on the close of their Financial Year.
- (\*\*\*) It Represents accounts till the date of its existence.