



FINANCIAL HIGHLIGHTS

(Rs in Million)

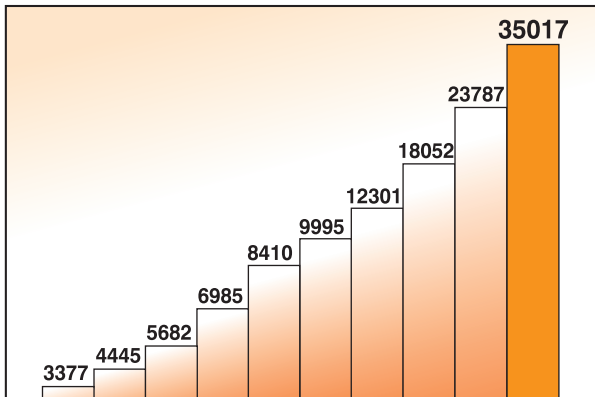
← STANDALONE → ← CONSOLIDATED →

Particulars	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Total Income	3377	4445	5682	6985	8410	9995	12301	18052	23787	35017
Net Profit	590	837	1352	1681	2487	3157	3962	5733	7843	14869
Gross Block	2020	2442	2766	3491	4837	6642	8299	12756	14859	16646
Net Worth	3093	3647	4654	5424	5764	8159	11307	15902	27728	49915
R&D Expenses	98	201	250	336	966	1268	1427	2015	2787	2859
Capital	45	102	71	197	363	598	418	481	347	134
Revenue	53	99	179	139	603	670	1009	1534	2440	2725
% of Turnover	2.75	4.20	4.09	4.52	11.62	12.90	12.04	12.31	13.05	8.52
Exports	894	1137	1181	1364	2604	3864	5027	6958	9687	18956
Debt Equity Ratio	0.21	0.13	0.08	0.00	0.23	0.51	1.61	1.18	0.40	0.03
Current Ratio	4.04	4.00	3.78	3.37	3.44	3.27	7.33	7.55	9.81	6.33

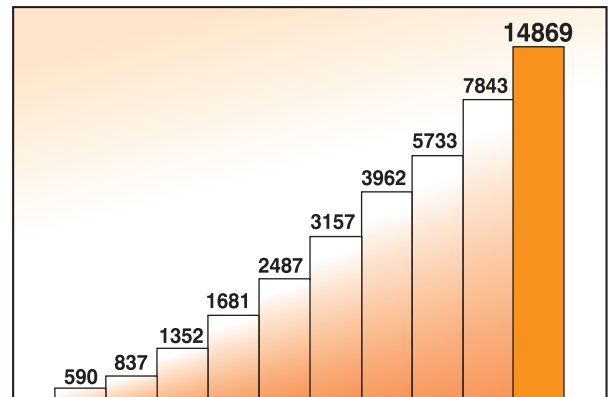
The Company has started preparing Consolidated Financial Statements from Financial Year 2001-02 onwards.

(Rs in Million)

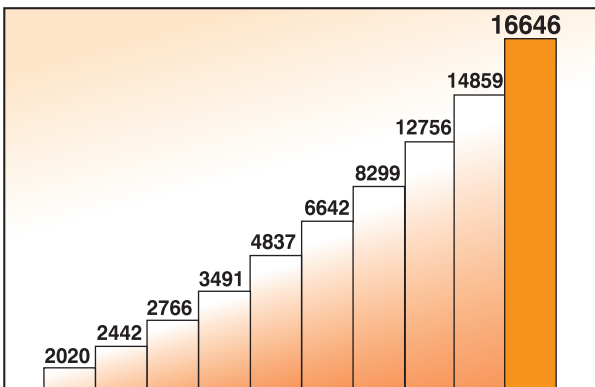
Total Income



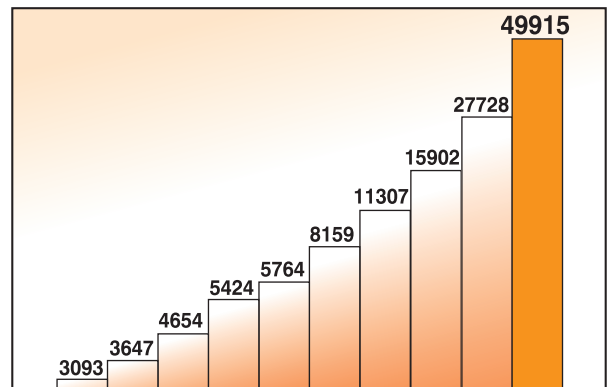
Net Profit



Gross Block



Net Worth



FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(Amount in Million)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover / Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	Country
1	Zao"Sun Pharma Industries Ltd."	INR Rru	0.0 0.0	— —	0.0 0.0	0.0 0.0	— —	— —	— —	— —	— —	— —	Russia
2	Caraco Pharmaceutical Laboratories Ltd.	INR USD	5,644.7 141.5	52.2 1.3	5,004.6 125.4	5,004.6 125.4	— —	14,188.6 352.2	1,601.9 39.8	287.7 7.2	1,314.2 32.6	— —	USA
3	Sun Pharma Global Inc.	INR USD	48.9 1.2	24,178.3 606.0	28,245.1 707.9	28,245.1 707.9	7,435.3 186.3	15,601.0 387.3	14,842.0 368.4	— —	14,842.0 368.4	— —	British Virgin Island
4	Sun Pharma De Mexico S.A. DE C.V.	INR MexicanPeso	3.8 1.0	21.8 5.8	196.2 52.5	196.2 52.5	— —	233.4 62.9	38.3 10.3	2.8 0.8	35.5 9.6	— —	Mexico
5	Sun Pharmaceutical (Bangladesh) Ltd.	INR Taka	35.4 60.0	(24.4) (41.3)	142.0 240.5	142.0 240.5	— —	104.9 175.0	22.4 37.4	— —	22.4 37.4	— —	Bangladesh
6	Sun Farmaceutica Ltda.	INR Brazilian Reais	7.8 0.3	(32.2) (1.4)	18.6 0.8	18.6 0.8	— —	75.2 3.4	(19.2) (0.9)	— —	(19.2) (0.9)	— —	Brazil
7	Sun Pharmaceutical Industries INC.	INR USD	0.2 0.0	(768.4) (19.3)	916.4 23.0	916.4 23.0	— —	472.2 11.7	(558.6) (13.9)	(188.2) (4.7)	(370.4) (9.1)	— —	USA
8	Sun Pharmaceutical Industries (Europe) BV	INR Euro	1.1 0.0	(7.0) (0.1)	4.8 0.1	4.8 0.1	— —	— —	(6.1) (0.1)	— —	(6.1) (0.1)	— —	The Netherlands
9	ALKALOIDA Chemical Company Exclusive Group Ltd.	INR HUF	1,479.4 6,028.6	(630.4) (2,568.9)	8,686.4 35,396.9	8,686.4 35,396.9	4,058.9 16,539.7	608.8 2,695.1	(140.4) (621.4)	— —	(140.4) (621.4)	— —	Hungary
10	Sun Pharmaceutical Peru S.A.C.	INR Soles	0.0 0.0	— —	4.6 0.3	4.6 0.3	— —	— —	— —	— —	— —	— —	Peru
11	Sun Pharmaceuticals UK Ltd.	INR Pound	0.1 0.0	(0.3) (0.0)	0.2 0.0	0.2 0.0	— —	0.0 0.0	(0.1) (0.0)	— —	(0.1) (0.0)	— —	United Kingdom
12	SPI De Mexico S.A. DE C.V.	INR MexicanPeso	0.2 0.1	— —	0.2 0.1	0.2 0.1	— —	— —	— —	— —	— —	— —	Mexico
13	Aditya Acquisition Company Ltd.	INR Israeli New Shekel, ILS	0.0 0.0	— —	0.0 0.0	0.0 0.0	— —	— —	— —	— —	— —	— —	Israel
14	Sun Development Corporation, I	INR USD	0.0 0.0	— —	0.0 0.0	0.0 0.0	— —	— —	— —	— —	— —	— —	USA
15	OOO "Sun Pharmaceutical Industries" Ltd.	INR Rru	0.1 0.1	(0.5) (0.3)	0.4 0.2	0.4 0.2	— —	— —	(0.5) (0.3)	— —	(0.5) (0.3)	— —	Russia

Note :

- Exchange Rate as on 31.03.2008 : 1 USD= Rs.39.90, 1 Mexican peso= Rs.3.7379, 1 Bangladesh Taka= Rs.0.5904, 1 Euro= Rs.63.042, 1 Brazilian Reais= Rs.22.979, 1 Peruvian Nuevo Sole= Rs.14.754, 1 HUF= Rs.0.245, 1 British Pound= Rs.79.605, 1 Rru= Rs.1.698, 1 Israeli New Shekel, ILS= Rs.11.98.
- The first financial year of Sun Pharmeceutical Industries (Australia) PTY Ltd ends on 31.03.2009 and accordingly not included herein above. However, for the purpose of consolidation the Accounts for the period from 11. 03. 2008 (the date of incorporation) to 31.03.2008 has been considered.
- '0.0' represents amount less than 0.5 million and rounded off.

ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st MARCH, 2008

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

For Sun Pharmaceutical Industries Ltd.,

Dilip S. Shanghvi
Chairman & Managing Director

Mumbai, 14th July, 2008

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

To The Members of Sun Pharmaceutical Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Sun Pharmaceutical Industries Limited, for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

N. P. Sarda
Partner

Mumbai, 14th July, 2008

Membership No. 9544

Auditors' Report to the Board of Directors of Sun Pharmaceutical Industries Limited Group

1. We have audited the attached Consolidated Balance Sheet of Sun Pharmaceutical Industries Limited Group as at March 31, 2008, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Sun Pharmaceutical Industries Limited management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 30,125.0 Million as at March 31, 2008, total revenues of Rs. 31,284.3 Million and net cash outflows amounting to Rs. 817.7 Million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Group, and our opinion is based solely on the reports of other auditors.
 - b. As stated in Note B1 of Schedule 20, the consolidated financial statements includes the financial statements of subsidiaries, which we did not audit, whose financial statements reflects the Groups share of assets (net) of Rs. 97.5 Million as at March 31, 2008, total revenues of Rs. 233.3 Million and net cash inflows amounting to Rs. 22.4 Million. The unaudited financial statements are prepared on the basis of audited financial statements for the year ended December 31, 2007 and the unaudited financial statements for the quarter ended March 31, 2007 and March 31, 2008, provided by the management of those subsidiaries. We have relied upon the unaudited financial statements as provided by the management of those subsidiaries for the purpose of our examination of consolidated financial statements.
4. We report that the consolidated financial statements have been prepared by the Sun Pharmaceutical Industries Limited management in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements as notified by Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, read together with our remarks in Paragraph 3 above, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Sun Pharmaceutical Industries Limited Group as at March 31, 2008;
- b. in the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow statement, of the Cash Flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

N. P. Sarda
Partner

San Jose, U.S.A., May 30, 2008

(Membership No.9544)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedules	As at 31st March, 2008		As at 31st March, 2007	
		Rs in Million	Rs in Million	Rs in Million	Rs in Million
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,035.6		980.7	
Reserves and Surplus	2	48,879.0	49,914.6	26,747.2	27,727.9
			1,885.7		437.6
Minority Interest					
Loan Funds					
Secured Loans	3	368.1		395.4	
Unsecured Loans	4	1,068.2	1,436.3	10,748.9	11,144.3
			91.6		895.1
Deferred Tax Liability (Net)					
Total			53,328.2		40,204.9
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	15,960.4		14,251.8	
Less: Depreciation/Amortisation/Impairment		5,606.8		4,737.5	
		10,353.6		9,514.3	
Capital Work-in-Progress (including advances on capital account)		686.0	11,039.6	607.6	10,121.9
			1,729.3		697.1
Goodwill on Consolidation (Refer Note B.5 of Schedule 20)					
			6,564.8		2,542.9
Current Assets, Loans and Advances					
Inventories	8	7,727.7		6,644.7	
Sundry Debtors	9	14,176.7		6,788.8	
Cash and Bank Balances	10	13,382.0		13,802.1	
Other Current Assets	11	319.6		388.8	
Loans and Advances	12	4,761.5		2,264.1	
		40,367.5		29,888.5	
Less: Current Liabilities and Provisions					
Current Liabilities	13	3,722.1		2,965.5	
Provisions		2,650.9		80.0	
		6,373.0		3,045.5	
			33,994.5		26,843.0
Net Current Assets					
Total			53,328.2		40,204.9
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS					
	20				

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

As per our report of even date attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants**DILIP S. SHANGHVI**
Chairman & Managing Director**N. P. SARDA**
Partner**KAMLESH H. SHAH**
Company Secretary**SUDHIR V. VALIA**
Wholetime Director**SAILESH T. DESAI**
Wholetime Director

San Jose, U.S.A. 30th May, 2008

Mumbai, 30th May, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedules	Year ended 31st March, 2008		Year ended 31st March, 2007	
		Rs in Million	Rs in Million	Rs in Million	Rs in Million
INCOME					
Income from Operations					
Gross Sales		34,605.6		22,372.8	
Less : Excise Duty		1,040.3		1,013.9	
Net Sales		33,565.3		21,358.9	
Other Income	14	1,451.3	35,016.6	2,427.9	23,786.8
EXPENDITURE					
Cost of Materials / Goods	15	7,221.7		5,770.6	
Indirect Taxes	16	656.0		528.4	
Personnel Cost	17	2,331.3		1,989.6	
Operating and Other Expenses	18	5,119.9		3,910.5	
Research and Development Expenditure	19	2,725.2		2,439.7	
Depreciation / Amortisation / Impairment		968.6	19,022.7	813.3	15,452.1
PROFIT BEFORE TAXATION			15,993.9		8,334.7
Provision for Taxation - Current Tax			1,272.6		79.6
- Deferred Tax (Credit)			(803.5)		(157.6)
- Fringe Benefit Tax			15.7		11.2
PROFIT AFTER TAX			15,509.1		8,401.5
Minority Interest			640.1		558.8
PROFIT FOR THE YEAR AFTER TAX AND MINORITY INTEREST			14,869.0		7,842.7
BALANCE OF PROFIT BROUGHT FORWARD			11,251.3		6,892.7
Less : Adjustment on Cancellation of Investment in shares of Sun Pharma Advanced Research Company Ltd Pursuant to Scheme of demerger			—		0.5
AMOUNT AVAILABLE FOR APPROPRIATIONS			26,120.3		14,734.9
APPROPRIATIONS					
Proposed Dividend					
Preference Shares - Paid		0.5		0.8	
Equity Shares-Final (F.Y 2005-06)		—		0.5	
Equity Shares-Final		2,174.7		—	
Equity Shares-Interim - Paid		—		1,299.6	
Corporate Dividend Tax		372.0	2,547.2	182.5	1,483.4
Transfer to General Reserve		3,000.0		2,000.0	
Transfer to Capital Redemption Reserve		13.7	3,013.7	0.2	2,000.2
BALANCE OF PROFIT CARRIED TO BALANCE SHEET			20,559.4		11,251.3
EARNING PER SHARE (Refer Note B.8 (ii) of Schedule 20)					
Basic (Rs.)			74.7		41.7
Diluted (Rs.)			71.8		38.9
Face value per Equity share-Rs.5/-					

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

20

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

As per our report of even date attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants**N. P. SARDA**
Partner

San Jose, U.S.A. 30th May, 2008

KAMLESH H. SHAH
Company Secretary**DILIP S. SHANGHVI**
Chairman & Managing Director**SUDHIR V. VALIA**
Wholtime Director**SAILESH T. DESAI**
Wholtime Director

Mumbai, 30th May, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year ended 31st March, 2008 Rs in Million	Year ended 31st March, 2007 Rs in Million
A. Cash Flow From Operating Activities:		
Net Profit Before Tax	15,993.9	8,334.7
Adjustments for:		
Depreciation / Amortisation / Impairment	968.6	813.3
Interest Expense	87.6	126.8
Interest Income	(1,234.5)	(1,199.2)
Dividend Income	—	(13.8)
(Profit)/Loss On Fixed Assets Sold (net)	6.4	(176.8)
(Profit)/Loss on sale of Investments	(131.3)	(563.6)
Provision for Doubtful Debts	27.6	31.3
Sundry balance /bad debts Written off / back (net)	(12.2)	(1.4)
Provision for employee benefits	26.4	9.7
Unrealised Foreign Exchange (Gain) / Loss	476.6	(369.3)
Operating Profit Before Working Capital Changes	16,209.1	6,991.7
Increase in Sundry Debtors	(7,380.9)	(3,260.0)
(Increase)/Decrease in Other Receivables	(1,886.8)	160.8
Increase in Inventories	(1,083.0)	(1,527.3)
Increase in Trade and Other Payables	1,010.8	472.9
Cash Generated From Operations	6,869.2	2,838.1
Taxes Paid (Net of TDS and Refund)	(1,821.7)	(443.6)
Net Cash Generated From Operating Activities	5,047.5	2,394.5
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets / Capital Work in Progress / Capital Advances	(2,023.5)	(2,365.0)
Proceeds From Sale of Fixed Assets	28.2	365.2
Proceeds From Sale of Investments	29,930.8	20,780.9
Purchase of Investments	(34,927.8)	(19,409.2)
Amount paid pursuant to demerger	(244.9)	(5.1)
Loans/Inter Corporate Deposits received back / (given) (net)	18.0	298.2
Interest Received	1,158.8	960.2
Dividend Received	—	13.8
Net Cash (Used In) / Generated from Investing Activities	(6,060.4)	639.0
C. Cash Flow From Financing Activities:		
Repayment of ECB Loan	—	(907.9)
Redemption of Preference Share Capital	(13.7)	(0.2)
Long Term Loan Taken / (Repaid)	2.9	(5.1)
Short Term Loan Taken / (Repaid)	18.3	(3.7)
Net Assets Financed by Minority Shareholders	808.0	(29.9)
Interest Paid	(88.3)	(126.8)
Borrowing from bank	(48.0)	(795.5)
Dividend Paid	(15.6)	(2,302.6)
Corporate Dividend Tax Paid	(2.4)	(326.1)
Net Cash Used in Financing Activities	661.2	(4,497.8)
Net Increase/(Decrease) In Cash and Cash Equivalents	(351.7)	(1,464.3)
Cash and Cash Equivalents as at the beginning of the year	13,860.1	15,324.4
Cash and Cash Equivalents as at the year end	13,508.4	13,860.1

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year ended 31st March, 2008 Rs. in Million	Year ended 31st March, 2007 Rs. in Million
Cash and Cash Equivalents Comprise:		
Cash and Cheques in hand and balances with Scheduled / Other banks (Refer Schedule 10 to the Financial Statements)	13,382.0	13,802.1
Unrealised exchange Loss	126.4	58.0
Cash and Cash Equivalents as at the year end	13,508.4	13,860.1

Notes:

- 1 Cash and cash equivalents includes Rs.13.8 Million (Previous Year Rs.29.0 Million) on account of Unclaimed dividend, which are not available for use by the Company.
- 2 Previous year's figures are regrouped / reclassified wherever necessary in order to confirm to current year's groupings and classifications.

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

N. P. Sarda
Partner

San Jose, U.S.A., 30th May, 2008

KAMLESH H. SHAH
Company Secretary

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

SUDHIR V. VALIA
Wholetime Director

SAILESH T. DESAI
Wholetime Director

Mumbai, 30th May, 2008

SCHEDULES TO THE FINANCIAL STATEMENTS (CONSOLIDATED)

	As at 31st March, 2008		As at 31st March, 2007	
	Rs in Million	Rs in Million	Rs in Million	Rs in Million
SCHEDULE 1 : SHARE CAPITAL				
Authorised				
295,000,000(Previous Year 254,700,000) Equity Shares of Rs. 5 each		1,475.0		1,273.5
25,000,000 (Previous Year 25,000,000) Preference Shares of Re. 1 each.		25.0		25.0
Nil (Previous Year 2,015,000) Preference Shares of Rs. 100 each. (Refer note B.12 of Schedule 20).		—		201.5
		<u>1,500.0</u>		<u>1,500.0</u>
Issued, Subscribed and Paid Up				
207,116,391(Previous Year 193,402,120)Equity Shares of Rs. 5 each		1,035.6		967.0
Nil (Previous Year 13,740,030) 6% Cumulative Redeemable Preference Shares of Re.1 each.		—		13.7
		<u>1,035.6</u>		<u>980.7</u>
Notes:				
Of the above :				
1) 161,630,010 Equity shares were allotted as fully paid Bonus Shares by capitalisation of Securities Premium Account, Profit and Loss Account, Amalgamation Reserve and Capital Redemption Reserve Account.				
2) 413,633; 208,000; 477,581; 11,438; 18,519 and 19,771 Equity Shares of Rs.10 and 4,274 Equity Shares of Rs. 5 each fully paid, were allotted to the shareholders of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd, Milmet Laboratories Pvt. Ltd, Gujarat Lyka Organics Ltd, Sun Pharmaceutical Exports Ltd, Pradeep Drug Company Ltd, M.J.Pharmaceuticals Ltd and Phlox Pharmaceuticals Limited. respectively, pursuant to Schemes of Amalgamations, without payment being received in cash.				
3) 6% Cumulative Redeemable Preference Shares of Re.1 each are redeemable at par at any time at the option of the Shareholders.187,177,232 6% Cumulative Redeemable Preference Shares of Re.1 each were allotted as fully paid bonus shares, to the equity shareholders, by capitalisation of Capital Redemption Reserve. During the year 13,740,030 (Previous Year 243,804) Preference shares were redeemed at par.				
4) 21,600,761(Previous Year 7,886,490) Equity Shares of Rs. 5 each were allotted to the holders of Zero Coupon Foreign Currency Convertible Bond on exercise of conversion option. (Refer note B.11 of Schedule 20).				
SCHEDULE 2 : RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet		259.1		259.1
Securities Premium Account				
As per last Balance Sheet	5,165.9		156.5	
Add : Received during the year	9,933.2		5,555.8	
	<u>15,099.1</u>		<u>5,712.3</u>	
Less : Adjustment pursuant to scheme of Demerger	—	15,099.1	546.4	5,165.9
Capital Redemption Reserve				
As per last Balance Sheet	140.8		140.6	
Add : Transferred from Profit and Loss Account	13.7	154.5	0.2	140.8
General Reserve				
As per last Balance Sheet	9,944.3		7,528.7	
Add : Transferred from Profit and Loss Account	3,000.0		2,000.0	
	<u>12,944.3</u>		<u>9,528.7</u>	
Less: Adjustment on account of Transitional Provision on employee benefit	—		(7.3)	
Add: Caraco Minority Fresh Capital - Earlier written off in our reserve now reversed	—		2.2	
Add : Share of Current Profit of Minority in Foreign Subsidiary	—	12,944.3	420.7	9,944.3
Currency Fluctuation Reserve on Consolidation				
As per last Balance Sheet	(14.2)		(18.7)	
Additions during the Year	(123.2)	(137.4)	4.5	(14.2)
Surplus as per Profit and Loss Account				
		<u>20,559.4</u>		<u>11,251.3</u>
		<u>48,879.0</u>		<u>26,747.2</u>

SCHEDULES TO THE FINANCIAL STATEMENTS (CONSOLIDATED)

	As at 31st March, 2008		As at 31st March, 2007	
	Rs in Million	Rs in Million	Rs in Million	Rs in Million
SCHEDULE 3 : SECURED LOANS				
Short Term Loan from Banks (Refer Note B.6 of Schedule 20)		368.1		395.4
		368.1		395.4
SCHEDULE 4 : UNSECURED LOANS				
Long Term				
External Commercial Borrowing in foreign currency from Banks *	796.4		900.2	
Zero Coupon Foreign Currency Convertible Bonds (Refer note B.11 of Schedule 20)	—		9,577.4	
Other Loans	5.5	801.9	2.6	10,480.2
Short Term				
From Banks	243.7		264.4	
Others	22.6	266.3	4.3	268.7
		1,068.2		10,748.9

* includes repayable within one year Rs. 796.4 Million (Previous Year Nil)

SCHEDULE 5: DEFERRED TAX LIABILITY (NET)

Deferred Tax Assets				
Unpaid Liabilities		30.6		29.3
Unabsorbed Loss		499.7		554.9
Others		1,202.5		75.5
		1,732.8		659.7
Deferred Tax Liability				
Depreciation on Fixed Assets		1,824.4		1,554.8
		91.6		895.1

SCHEDULE 6 : FIXED ASSETS

Rs in Million

Particulars	Gross Block (At Cost)						Depreciation / Amortisation / Impairment						Net Block	
	As At	Consolidation	Adjustment	Additions	Deletions /	As at	As at	Consolidation	Adjustment	Deletions /	As at	As at	As at	As at
	01.04.07	Adjustment	Of Demerger	07-08	Adjustment	31.03.08	01.04.07	Adjustment	Of Demerger	For the year	Adjustment	31.03.08	31.03.08	31.03.07
I. TANGIBLE ASSETS														
Freehold Land	93.2	(3.1)	—	19.6	—	109.7	—	—	—	—	—	—	109.7	93.2
Leasehold Land	34.9	—	—	11.8	—	46.7	3.1	—	—	0.5	—	3.6	43.1	31.8
Buildings	4,112.6	(28.3)	—	242.5	3.4	4,323.4	798.2	(0.8)	—	110.2	—	907.6	3,415.8	3,314.4
Plant and Machinery	8,812.5	(88.3)	—	1,185.5	101.9	9,807.8	3,418.7	(19.5)	—	749.5 @	73.4	4,075.3	5,732.5	5,393.8
Vehicles	129.7	0.2	—	28.4	7.5	150.8	55.8	—	—	16.2	4.8	67.2	83.6	73.9
Furniture and Fixtures	336.7	(0.6)	—	32.0	—	368.1	131.0	(0.6)	—	23.9	—	154.3	213.8	205.7
Sub-Total I	13,519.6	(120.1)	—	1,519.8	112.8	14,806.5	4,406.8	(20.9)	—	900.3	78.2	5,208.0	9,598.5	9,112.8
II. INTANGIBLE ASSETS														
Trademarks, Designs and other Intangible Assets	732.2	(7.9)	—	429.6	—	1,153.9	330.7	(0.2)	—	68.3	—	398.8	755.1	401.5
Sub-Total II	732.2	(7.9)	—	429.6	—	1,153.9	330.7	(0.2)	—	68.3	—	398.8	755.1	401.5
TOTAL I + II	14,251.8	(128.0)	—	1,949.4	112.8	15,960.4	4,737.5	(21.1)	—	968.6	78.2	5,606.8	10,353.6	9,514.3
Previous Year	12,341.8	322.6	340.9	2,147.8	219.5	14,251.8	3,779.0	216.5	40.2	813.3	31.1	4,737.5	9,514.3	
													686.0	607.6
													11,039.6	10,121.9

NOTES :

- Buildings include Rs.1020 (Previous Year Rs 1020) towards cost of shares in a Co-operative Housing Society
- Capital work-in-progress (including advances on Capital Account) includes Rs. 19.41 Million (Previous Year Rs 15.3 Million) on account of preoperative expenses
- @ Includes Rs.13.5 million (Previous Year Nil) on account of Impairment.

SCHEDULES TO THE FINANCIAL STATEMENTS (CONSOLIDATED)

	As at 31st March, 2008		As at 31st March, 2007	
	Rs in Million	Rs in Million	Rs in Million	Rs in Million
SCHEDULE 7 : INVESTMENTS				
(I) LONG TERM INVESTMENTS (At Cost)				
A) Government Securities				
National Savings Certificates Rs. 65,000 (Previous Year Rs. 70,000) (Deposited with Government Authorities)		0.1		0.1
B) Trade Investments				
Unquoted In Equity Shares				
Enviro Infrastructure Co. Ltd. 100,000 (Previous Year 100,000) Shares of Rs. 10 each fully paid up		1.0		1.0
C) Other Investments				
a) In Bonds				
Quoted				
US64 Bonds 399,734 (Previous Year 399,734) units of Rs 100 each Market Value Rs. 40.2 Million(Previous Year Rs 39.9 Million)		42.2		42.2
Unquoted				
National Housing Bank Bonds 2,180 (Previous Year 5,315) Units of Rs. 10,000 each fully paid		21.8		53.2
Rural Electrification Corporation Ltd. Bonds 985 (Previous Year 1,515) Units of Rs. 10,000 each fully paid		9.9		15.2
b) In Equity Shares				
Quoted				
Taro Pharmaceutical Industries Ltd. 13,558,557 (Previous year Nil) Ordinary Shares of NIS 0.0001 each Market value Rs.4219.6 (Previous Year Nil) (refer note B.13 of Schedule 20)			3,878.8	—
Impax Laboratories Inc.2,868,623 Shares (Previous year 2,868,623) (Market Value 1,064.5) (Previous year 1.263.6)		980.4		1,058.8
Unquoted				
Tivabusz Kft (Business Shares of 9,450,000 Huf)		0.7		0.7
Reanal Rt. (3,441 (Previous Year 3,441) Shares of Face Value 10,000 Huf fully paid)		193.8		189.6
Ramin Developers Pvt. Ltd. 200 (Previous Year 200) Shares of Rs. 100 each fully paid (pending registration)		2.1		2.1
c) In Mutual Fund (Units of Face Value of Rs. 10/- Each)				
Unquoted				
ABN Amro Asset Management – ABN Amro Fixed Term Plan – Series 1 - Regular- Growth Plan NIL (Previous Year 5,000,000) Units		—		50.0
Principal Mutual Fund “Principal Pnb Fixed Maturity Plan-460 Dys-Series I Growth Plan-Feb-06 NIL (Previous Year 40,000,000) Units		—		400.0
Standard Chartered Mutual Fund “G134 GFMP-20 th Plan “-Growth NIL(Previous Year 50,000,000) Units		—		500.0
Lotus Mutual Fund- Z411G FMP-16 Month-Series I-Ins-Growth 5,000,000 (Previous Year 5,000,000) Units		50.0		50.0
Somerset India Fund 850,000 (Previous Year -Nil) Units.		419.0		—
	Total (I)	5,599.8		2,362.9
(II) CURRENT INVESTMENTS (At lower of cost and Net realisable value)				
Unquoted				
In Mutual Fund (Units of Face Value of Rs. 10/- Each)				
Birla Sun Life Mutual Fund-Birla Cash Plus- inst-Prem Growth 36,008,549 (Previous Year Nil) Units		465.0		—
Deutsche Mutual Fund-Dws Insta Cash Plus Fund Super inst-Growth 47,733,152 (Previous Year Nil) Units		500.0		—
Principal Mutual Fund “Principal Cash Management Fund -Liquid Option Inst.Prem Plan-Growth” Nil (Previous Year 8,561,204) Units		—		100.0
Lotus Mutual Fund- Z212G Liquid Fund-Ins Plus Growth Nil (Previous Year 7,780,057) Units		—		80.0
	Total (II)	965.0		180.0
	Total (I) + (II)	6,564.8		2,542.9
AGGREGATE VALUE OF INVESTMENT				
	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE
Quoted	4,901.5	5,324.3	1,101.0	1,303.5
Unquoted	1,663.3		1,441.9	

SCHEDULES TO THE FINANCIAL STATEMENTS (CONSOLIDATED)

	As at 31st March, 2008		As at 31st March, 2007	
	Rs in Million	Rs in Million	Rs in Million	Rs in Million
SCHEDULE 8 : INVENTORIES				
Consumables Stores		148.3		150.8
Stock in Trade				
Raw Materials	4,229.7		2,401.3	
Packing Materials	307.3		258.2	
Finished Goods	881.4		1,463.2	
Work-in-Progress	2,161.0		2,371.2	
		<u>7,579.4</u>		<u>6,493.9</u>
		<u>7,727.7</u>		<u>6,644.7</u>
SCHEDULE 9 : SUNDRY DEBTORS				
(Unsecured-Considered Good, unless stated otherwise)				
Over Six Months				
Considered Good		498.7		423.1
Considered Doubtful	92.4		65.3	
Less: Provision for Doubtful Debts	92.4	—	65.3	—
Other Debts				
		<u>13,678.0</u>		<u>6,365.7</u>
		<u>14,176.7</u>		<u>6,788.8</u>
SCHEDULE 10 : CASH AND BANK BALANCES				
Cash / Cheques on hand		3.5		4.4
Balances with Banks				
Schedule Banks				
Current Accounts	230.9		350.5	
Deposit Accounts {Pledged Rs. 1.8 (Previous Year Rs. 1.8) Million}	9,171.3	9,402.2	9,745.7	10,096.2
Other Banks				
Current Accounts	2,436.0		1,540.7	
Deposit Accounts	1,540.3	3,976.3	2,160.8	3,701.5
		<u>13,382.0</u>		<u>13,802.1</u>
SCHEDULE 11 : OTHER CURRENT ASSETS				
Interest accrued on - Investment		9.1		8.9
- Bank Deposit		310.5		379.9
		<u>319.6</u>		<u>388.8</u>
SCHEDULE 12 : LOANS AND ADVANCES				
(Unsecured – Considered Good, unless stated otherwise)				
Loan to Employees / Others		746.2		94.1
Advances Recoverable in Cash or in Kind or for Value to be received				
Considered Good		1,411.6		255.8
Considered Doubtful	9.5		9.5	
Less : Provision for Doubtful Advances	9.5	—	9.5	—
Advances to Suppliers		527.3		569.1
Balances with Central Excise and Customs		608.4		530.0
DEPB and Advance Licence		131.2		141.8
Other Deposits		77.5		93.2
Advance Payment of Income Tax (Net of Provision)		1,259.3		580.1
		<u>4,761.5</u>		<u>2,264.1</u>
SCHEDULE 13 : CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors				
Due to Micro and Small Enterprise	—		—	
Others	2,393.4		1,504.1	
Advances from Customers	62.0		91.4	
Security Deposits	19.3		44.3	
Investor Education and Protection Fund shall be credited by				
Unclaimed Dividend (Not Due)	14.4		29.5	
Temporary Overdrawn Bank balance as per Books	—		1.2	
Other Liabilities	1,215.4		1,274.2	
Interest accrued but not due on Loans	17.6	3,722.1	20.8	2,965.5
		<u>3,722.1</u>		<u>2,965.5</u>
Provisions				
Provision for Fringe Benefit Tax	1.0		0.8	
Net of Advance Tax Rs. 12.6 Million (Previous Year Rs. 9.8 Million)				
Proposed Dividend - Equity Shares	2,174.7		—	
Corporate Dividend Tax	369.6		—	
Provision for Employee Benefits	105.6	2,650.9	79.2	80.0
		<u>6,373.0</u>		<u>3,045.5</u>

SCHEDULES TO THE FINANCIAL STATEMENTS (CONSOLIDATED)

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rs in Million	Rs in Million	Rs in Million	Rs in Million
SCHEDULE 14 : OTHER INCOME				
Lease Rental and Hire Charges		5.7		6.0
Interest from Banks & Other Advances / Deposits (Refer Note B.4 of Schedule 20)		1,146.4		1,072.1
Profit on Sale of Fixed Assets		0.2		177.9
Profit on Sale of Current Investments		131.3		563.6
Sundry Balances Written Back (Net)		11.9		—
Insurance Claims		6.5		21.5
Dividend Income (Rs. 13,300/-)		0.0		13.8
Miscellaneous Income-TDS Rs.0.5 Million (Previous year Rs. 0.6 Million)		149.3		573.0
		<u>1,451.3</u>		<u>2,427.9</u>
SCHEDULE 15 : COST OF MATERIALS / GOODS				
Inventories of Raw & Packing material at the beginning of the year	2,649.9		2,447.8	
Purchases during the year - Raw & Packing Material	7,921.3		6,535.0	
- Finished goods	490.8		579.3	
Inventories of Raw & Packing Material at the end of the year	<u>(4,537.0)</u>	6,525.0	<u>(2,649.9)</u>	6,912.2
Inventories of Finished Goods and WIP at the beginning of the year	3,739.1		2,597.5	
Inventories of Finished Goods and WIP at the end of the year	<u>(3,042.4)</u>		<u>(3,739.1)</u>	
(Increase) / Decrease of Finished Goods and Work -in- progress		696.7		(1,141.6)
		<u>7,221.7</u>		<u>5,770.6</u>
SCHEDULE 16 : INDIRECT TAXES				
Sales Tax		656.0		528.4
		<u>656.0</u>		<u>528.4</u>
SCHEDULE 17 : PERSONNEL COST				
Salaries, Wages, Bonus and Benefits		1,902.3		1,612.0
Contribution to Provident and Other Funds		282.6		242.4
Staff Welfare Expenses		146.4		135.2
		<u>2,331.3</u>		<u>1,989.6</u>
SCHEDULE 18 : OPERATING AND OTHER EXPENSES				
Stores and Spares Consumed		330.9		268.1
Manufacturing Charges		391.9		294.8
Power and Fuel		600.2		504.7
Rent		37.8		81.4
Rates and Taxes		39.7		35.9
Insurance		168.5		156.8
Selling and Distribution		1,611.4		866.8
Commission and Discount		240.5		231.7
Repairs				
Building	48.2		41.2	
Plant and Machinery	219.8		188.8	
Others	88.0	356.0	84.1	314.1
Printing and Stationery		57.7		41.7
Travelling and Conveyance		157.2		99.9
Overseas Travel and Export Promotion		617.8		479.0
Communication		53.1		51.7
Provision for doubtful Debts / Advances		27.6		29.8
Sundry Balances/Bad Debts Written Off (Net)		—		1.0
Professional and Consultancy		152.2		102.7
Donations		11.5		2.8
Loss on Sale of Fixed Assets		6.3		0.9
Excise Duty on Stock (*)		(37.9)		38.4
Auditors' Remuneration				
Audit Fees	20.1		15.5	
Other Services	0.2		0.1	
Out of Pocket Expenses	0.1	20.4	0.1	15.7
Miscellaneous Expenses		277.1		292.6
		<u>5,119.9</u>		<u>3,910.5</u>

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

SCHEDULES TO THE FINANCIAL STATEMENTS (CONSOLIDATED)

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rs in Million	Rs in Million	Rs in Million	Rs in Million
SCHEDULE 19 : RESEARCH AND DEVELOPMENT EXPENDITURE				
Salaries, Wages, Bonus and Benefits		630.8		496.6
Contribution to Provident and Other Funds		52.3		38.0
Staff Welfare Expenses		27.5		33.9
Raw Material, Stores and Spares Consumed		703.5		671.1
Power and Fuel		53.4		51.7
Rates and Taxes		13.4		17.0
Rent		56.6		—
Insurance		47.0		36.5
Repairs				
Building	16.2		14.2	
Plant and Machinery	50.7		46.0	
Others	55.9	122.8	41.3	101.5
Printing and Stationery		14.5		11.9
Travelling and Conveyance		19.3		21.7
Communication		18.8		15.5
Professional and Consultancy		776.5		681.2
Loss on Sale of Fixed Assets		0.3		0.2
Miscellaneous Expenses		253.1		264.4
		2,789.8		2,441.2
Less				
Interest Income	0.5		0.3	
Misc. Income	63.8		0.2	
Bad Debts Recovered / Sundry balances written Back	0.3		0.9	
Rent Income	—	64.6	0.1	1.5
		2,725.2		2,439.7

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (CONSOLIDATED)**SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS****A SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Consolidation:****(i) Basis of preparation:**

The consolidated financial statements are prepared in accordance with Accounting Standard 21 on Consolidated financial statements as notified by Companies (Accounting Standards) Rules, 2006. Reference in these notes to Company, Holding Company, Companies or Group shall mean to include Sun Pharmaceutical Industries Limited or any of its subsidiaries, unless otherwise stated.

(ii) Principles of consolidation:

The consolidated financial statements comprise of the financial statements of Sun Pharmaceutical Industries Limited and its subsidiaries. The financial statements of the group Companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of inter Company transactions are eliminated on consolidation.

(iii) Goodwill / Capital Reserve

Goodwill represents the difference between the Company's share in the net worth of subsidiaries, and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the Company's share of net worth 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. Capital Reserve on consolidation is adjusted against Goodwill. The Goodwill recorded in these consolidated financial statements has not been amortised, but instead evaluated for impairment whenever events or changes in circumstances indicate that its carrying amount may be impaired.

2. Basis of Accounting

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

3. Use of Estimates

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

4. Fixed Assets and Depreciation / Amortization

Fixed Assets including Intangible assets are stated at historical cost (Net of cenvat credit) less accumulated depreciation / amortization thereon and impairment losses, if any. Depreciation on tangible assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 except for: a) at Caraco depreciation is computed using the Straight Line Method over the estimated useful lives of the related assets, which ranges from 3 to 40 years. b) at Alkaloida Chemical Company Exclusive Group Limited depreciation is computed using Straight Line Method over the estimated useful lives of the related assets, which ranges from 50 to 100 years in respect of real assets and 3 to 10 years in respect of other assets. c) at Sun Farmaceutica Ltda Brazil depreciation is computed using Straight Line Method over useful estimated lives of the related assets, which ranges from 5 to 10 years. Intangible assets consisting of trademarks, designs, technical know-how, non compete fees and other intangible assets are amortized on Straight Line Method from the date they are available for the use, over the useful life of the assets (5/10/20 years), as estimated by the Management. Leasehold land is amortized over the period of lease.

5. Leases

Assets acquired on finance lease prior to April 1, 2001, are stated at original cost. In consonance with the matching concept, lease terminal adjustment and lease equalisation accounts have been created for the assets given on lease, wherever required.

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

6. Revenue Recognition

Sales of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods. Export sales are recognised on the basis of Bill of Lading / Airway Bill. Sales includes sales tax, interest on delayed payments and are stated net of returns and chargebacks at Caraco (Chargebacks are price adjustments given to wholesale customers selling products further to those parties with whom the Company has established contractual pricing).

7. Investments

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

8. Inventories

Inventories consisting of raw and packing materials, stores and spares, work in progress and finished goods are stated at lower of cost (absorption costing) on FIFO Basis/specific identification basis and net realisable value.

9. Research and Development

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

10. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Profit and Loss account. Exchange differences relating to monetary items that are in substance forming part of the Company's net investment in non integral foreign operation are accumulated in Currency Fluctuation Reserve on Consolidation Account.

For the purpose of Consolidation, the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries are translated at the following rates of exchange:

- a. Average rates for income and expenditure.
- b. Year end rates for assets and liabilities.

11. Taxes on Income

Provision for taxation comprises of Current Tax, Deferred Tax and Fringe Benefit Tax. Current Tax provision has been made on the basis of reliefs and deductions available under the respective Local Income Tax Law. 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 virtual certainty that the asset will be realised, in future. The Fringe Benefits tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961.

12. Employee Benefits

- (a) The Company's contribution in respect of provident fund is charged to Profit and Loss Account each year.
- (b) The Company's contribution to Life Insurance Corporation of India (LIC) for group gratuity policy is charged to Profit and Loss Account each year. The contribution for Group Gratuity Policy is based on values as actuarially determined and demanded by LIC for the year. Excess, if any, of the liability as determined on actuarial basis by the independent valuer over contribution to LIC is charged to Profit and Loss Account.
- (c) Liability for accumulated compensated absences of employees is ascertained on actuarial valuation basis and provided for as per Company Rules.

13. 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.

14. Provisions, Contingent Liabilities and Contingent Assets

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

15. Impairment of Assets

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

16. 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 Parents & its affiliates and is recorded as compensatory expenses/research and development costs respectively.

B NOTES TO FINANCIAL STATEMENTS:

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

Name of Subsidiaries / Affiliates	Country of Incorporation	Proportion of ownership interest	Year ending of subsidiaries/affiliates	Audited By
Indian Affiliate				
Universal Enterprises (P) Ltd.	India	97.50%	31/03/2008	N.Mardia & Associates
Foreign Subsidiaries				
Sun Pharma Global Inc.	British Virgin Islands	100.00%	31/03/2008	H C Shah & Co.
ZAO Sun Pharma Industries Limited	Russia	100.00%	31/12/2007	Best Audit
Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	72.50%	31/03/2008	Ahmed Mashuque & Co.
Caraco Pharmaceutical Laboratories Ltd (CARACO)	United States of America	70.21%	31/03/2008	Rehmann Robson
Sun Farmaceutica Ltda Brazil	Brazil	99.57%	31/03/2008	Peppe Associados Consultores & auditores independentes
Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	31/12/2007	Ing. Hector Macias Meana
Sun Pharmaceutical Industries INC.	United States of America	100.00%	31/03/2008	Martin, Arrington, Desai & Meyers, P.C.
SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	31/12/2007	L.C. Nancy Balderas Jimenez
Alkaloida Chemical Company Exclusive Group Ltd (Formerly ICN Hungary INC.)	Hungary	100.00%	31/03/2008	PV Auditor Ltd.
Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	31/12/2007	C.P.C. Margarita Vera Pelaez
Sun Pharmaceutical UK Limited	United Kingdom	100.00%	31/03/2008	Anderson Shaw CCA
Sun Pharmaceutical Industries (Australia) Pty. Ltd.	Australia	100.00%	31/03/2008	Valia & Timbadia
Aditya Acquisition Company Ltd., Israel	Israel	100.00%	31/03/2008	H.C. Timbadia & Co.
Sun Development Corporation, U.S.A.	United States of America	100.00%	31/03/2008	H.C. Timbadia & Co.
Sun Pharmaceutical Industries (Europe) B.V.	The Netherlands	100.00%	31/03/2008	Van Schaik Accountants B.V
OOO "Sun Pharmaceutical Industries" Ltd.	Russia	99.00%	31/03/2008	Valia & Timbadia
Name of Partnership Firm				
Sun Pharmaceutical Industries	India	97.50%	31/03/2008	Deloitte Haskins & Sells
Sun Pharma Exports	India	80.00%	31/03/2008	H.C. Timbadia & Co.

Sun Pharma De Mexico S.A. DE C.V., SPIL De Mexico S.A. DE C.V., ZAO Sun Pharma Industries Limited and Sun Pharmaceutical Peru S.A.C. follow calendar year as their accounting year. Accordingly, the audited financial statements of these Companies for the year ended December 31, 2007 are available. For the purpose of this consolidation, the accounts for the financial year April 1, 2007 to March 31, 2008 are considered and are compiled based on the audited financial statements for the year ended December 31, 2007 and the adjustment thereto in respect of the unaudited financial statements for the quarter ended March 31, 2007 and March 31, 2008 which are certified by its Management.

The following subsidiaries (included above) are the newly incorporated entities, for the period ended March 31, 2008.

Name of the Company/firm	Country of Incorporation	Date of Incorporation
Sun Pharmaceutical Industries (Australia) Pty. Ltd.	Australia	11/03/2008
Aditya Acquisition Company Ltd., Israel	Israel	22/04/2007
Sun Development Corporation, U.S.A.	United States of America	17/05/2007
Sun Pharmaceutical Industries (Europe) B.V.	The Netherlands	29/06/2007
OOO "Sun Pharmaceutical Industries" Ltd.	Russia	12/11/2007

The holding in Caraco as on March 31, 2008 has increased to 70.21% and accordingly the minority interest was considered at 29.79% for the purpose of these financial statements.

The Company is in the process for Liquidation of ZAO Sun Pharma Industries Limited and has appointed Official Liquidator as per the terms of Resolution passed at the General Meeting of the Subsidiary held on October 29, 2002.

Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding of the consolidated position of the Companies. Recognising this purpose, the Company 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.

2 a) CONTINGENT LIABILITIES NOT PROVIDED FOR:	As at 31st March, 2008 (Rs. In Million)	As at 31st March, 2007 (Rs. In Million)
Guarantees given by the Bankers on behalf of the Company.	120.1	329.3
Corporate Guarantees	4.3	—
Letters of Credit for Imports	162.2	232.8
Liabilities Disputed - Appeals filed with respect to :		
Sales Tax	29.4	41.0
Excise Duty	198.7	18.0
Income Tax	1,557.2	1,038.0
ESIC Contribution	0.3	0.2
Drug Price equilisation Account [DPEA] on account of demand towards unintended benefit, including interest there on, enjoyed by the Company	14.0	14.0
Demand by JDGFT import duty with respect to import alleged to be in excess of entitlement as per the Advanced Licence Scheme	10.3	10.3
Claims against the Company not acknowledged as debts	3.2	4.5
b) Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	235.7	287.2
3. RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDE:		
On Revenue account	2,725.2	2,439.7
On Capital account	133.5	346.5
4. Interest income Rs.1,146.9 Million (Previous Year Rs. 1,072.4 Million) {includes interest income of Rs. 1,183.4 Million (Previous Year Rs.1,044.0 Million) on bank deposits, Rs. 30.2 Million (Previous Year Rs.136.7 Million) on loans and Rs. 20.9 Million (Previous Year Rs.18.5 Million) others}- is net of Interest expense as under :		
Fixed Loans	48.8	85.4
Others	38.8	41.4
	87.6	126.8
5. Goodwill on consolidation (Net) comprises of:		
Goodwill in respect of		
Caraco Pharmaceutical Laboratories Ltd (Caraco)	2760.0	1,727.8
Universal Enterprises (P) Ltd.	7.5	7.5
Total (A)	2,767.5	1,735.3
Less:		
Capital Reserve in respect of :		
Alkaloida Chemicals Company Exclusive Group Ltd. (Formerly ICN Hungary INC)	1,038.2	1,038.2
Total (B)	1,038.2	1,038.2
Total (A-B)	1,729.3	697.1
6. Short term loan from Banks taken by the Company are secured by hypothecation of stocks and book debts, with respect to Sun Pharmaceuticals Industries INC U.S.A, secured by comfort letter from Sun Pharmaceutical Industries Ltd, and with respect to Sun Pharmaceutical (Bangladesh) Ltd., Sun Pharma Advanced Research Company Limited and Sun pharma Global Inc is secured against Corporate Guarantee by Sun Pharmaceutical Industries Ltd.		
7. As regards consolidation of Accounts of Caraco:		

With respect to routine litigation incidental to the business, Management believes that the ultimate disposition of these matters will not have any material adverse effect on the financial statements.

8. Disclosure with respect to Accounting Standards as notified by Companies (Accounting Standards) Rules, 2006.**(i) Accounting Standard (AS-18) on Related Party Disclosure - as per Annexure 'A' annexed.****(ii) Accounting Standard (AS-20) on Earnings Per Share**

	Year Ended 31st March, 2008 (Rs. in Million)	Year Ended 31st March, 2007 (Rs. in Million)
Profit After Tax	15,509.1	8401.5
Less : Dividend on Preference Shares	0.5	0.8
Less : Corporate Dividend Tax on Preference Shares	0.1	0.1
Less : Minority Interest	640.1	558.8
Profit used as Numerator for calculating Earnings per share	14,868.4	7841.8
Weighted Average number of Shares used in computing basic earnings per share	199,159,782	187,898,580
Add: Potential number of equity shares that could arise on exercise of Options on Zero Coupon Foreign Currency Convertible Bonds- due 2009	—	13,714,360
Weighted Average number of Shares used in computing diluted earnings per share	207,116,391	201,612,940
Nominal value per share (in Rs.)	5	5
Basic Earnings Per Share (in Rs.)	74.7	41.7
Diluted Earnings Per Share (in Rs.)	71.8	38.9

9. Accounting Standard (AS-17) on Segment Reporting

a) Primary Segment

The Company has identified "Pharmaceuticals" as the only primary reportable business segment.

b) Secondary Segment (By Geographical Segment)

India	15,650.0	12,686.3
Outside India	18,955.6	9,686.5
Total Sales	34,605.6	22,372.8

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

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

11. As per the terms of the issue, the holders of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of a face value of US \$ 1000 aggregating to US \$ 350 Million have an option to convert FCCBs into Equity Share at an initial conversion rate of Rs. 729.30 per Equity share at a fixed exchange rate conversion of Rs. 45.01 = US \$ 1, from December 26, 2004 to November 16, 2009. The conversion price will be subject to certain adjustment. Further, under certain conditions the Company has an option for early redemption in whole but not in part, at any time on or after November 26, 2007.

As at the year end whole of Rs. 15753.5 Million (Previous Year Rs. 5751.6 Million) US\$ 350.0 Million (Previous Year US\$ 127.8 Million) worth of FCCB's were converted into 21,600,761 (Previous Year 7,886,490) equity shares, upon conversion option exercised by the FCCB holders.

12. During the year, in terms of approval by the shareholders of the Company in the Annual General Meeting, the authorised share capital of Rs. 1,500.0 Million was reclassified and divided into 295,000,000 Equity Shares of Rs.5 each and 25,000,000 Preference Shares of Re 1 each.

13. During the year Alkaloida Chemical Company Exclusive Group Limited (Alkaloida), a subsidiary of the company has made a strategic investment of Rs.3,878.8 Million in Taro Pharmaceutical Industries Limited (Taro) a pharmaceutical company based in Israel.

As on March 31, 2008, the Group holds 34% Ordinary Shares in Taro. However, as Alkaloida does not have any 'Significant Influence' since its acquisition in Taro, as is required under AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements", the said investment in Taro is not considered as an investment in as "Associate Entity". According, the investment in Taro is accounted in accordance with Accounting Standard 13 - "Accounting for Investments".

Subsequent to the year end, on May 28, 2008 Alkaloida has received a notice from Taro informing purported termination of its merger agreement between the two. However, Alkaloida does not foresee any adverse impact on its investment.

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

(b) Lease payments are recognised in the Profit and Loss Account under "Rent" in Schedule 19 and Schedule 20.

(c) The future minimum lease payments under non-cancellable operating lease

- not later than one year Rs.44.0 Million (Previous year - Rs.17.2 Million)

- later than one year and not later than five years - Rs.124.1 Million (Previous year - Rs.14.7 Million)

- later than five years - Rs.161.8 Million (Previous year - Nil)

15. One of the subsidiary Company is having outstanding Forward Exchange Contracts on 31st March, 2008

Currency	Buy/Sell	Cross Currency	As at 31st March, 2008 Amount in Million	As at 31st March, 2007 Amount in Million
US Dollar	Buy	USD	\$ 35.0	—

16. As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29, as notified by Companies (Accounting Standards) Rules, 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

17. Previous year's figures are restated / regrouped / rearranged wherever necessary in order to confirm to current year's groupings and classifications.

ANNEXURE 'A' TO NOTES TO FINANCIAL STATEMENTS (CONSOLIDATED)**ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"**

(Rs in Million)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
Purchases of goods / DEPB	—	—	—	—	—	0.0	—	0.0
Sun Speciality Chemicals Pvt Ltd (P.Y. Rs. 16,224/-)	—	—	—	—	—	0.0	—	0.0
Sale of goods / DEPB	—	—	—	—	7.9	0.2	7.9	0.2
Sun Petrochemicals Pvt Ltd.	—	—	—	—	0.4	0.2	0.4	0.2
Sun Pharma Advanced Research Company Ltd.	—	—	—	—	7.5	—	7.5	—
Sale of Fixed Asset	—	—	—	—	0.1	0.1	0.1	0.1
Sun Petrochemicals Pvt Ltd.	—	—	—	—	0.1	0.1	0.1	0.1
Rendering of Service								
Services	—	—	—	—	0.5	0.5	0.5	0.5
Sun Petrochemicals Pvt Ltd.	—	—	—	—	0.5	0.5	0.5	0.5
Reimbursement of Expenses	—	—	—	—	67.9	0.0	67.9	0.0
Sun Pharma Advanced Research Company Ltd.	—	—	—	—	67.9	—	67.9	—
Sun Petrochemicals Pvt Ltd (P.Y. Rs.9,410/-)	—	—	—	—	—	0.0	—	0.0
Corporate Guarantee given on behalf	—	—	—	—	125.0	—	125.0	—
Sun Pharma Advanced Research Company Ltd.	—	—	—	—	125.0	—	125.0	—
Director's Remuneration	30.6	27.0	—	—	—	—	30.6	27.0
Apprenticeship Stipend / Remuneration	—	—	0.2	—	—	—	0.2	—
Rent Paid	—	—	0.3	0.3	—	—	0.3	0.3
Outstanding Corporate Guarantee to Bank	—	—	—	—	125.0	—	125.0	—
Sun Pharma Advanced Research Company Ltd.	—	—	—	—	125.0	—	125.0	—
Outstanding Receivables / Payables (Net)	—	—	—	—	—	—	—	—
as on 31/03/2008	—	—	—	—	65.8	244.7	65.8	244.7
Sun Petrochemical Pvt Ltd (Rs. 24,987/-)	—	—	—	—	0.0	(0.2)	0.0	(0.2)
Sun Pharma Advanced Research Co. Ltd.	—	—	—	—	65.8	244.9	65.8	244.9
Sun Speciality Chemicals Pvt Ltd (P.Y. Rs. 16,224/-)	—	—	—	—	—	0.0	—	0.0

Note :

Names of related parties and description of relationship

- Key Management Personnel
 - Mr Dilip S. Shanghvi
 - Mr Sudhir V. Valia
 - Mr Sailesh T. Desai
- Relatives of Key Management Personnel
 - Mrs Vibha Shanghvi
 - Mrs Kumud Shanghvi
 - Mrs Meera Desai
 - Mr Alok Shanghvi
 - Wife of Chairman and Managing Director
 - Mother of Chairman and Managing Director
 - Wife of Wholetime Director
 - Son of Chairman and Managing Director
- Enterprise under significant Influence of Key Management Personnel or their relatives
 - Sun Petrochemicals Pvt Ltd.
 - Sun Pharma Advanced Research Company Ltd.
 - Sun Speciality Chemicals Pvt Ltd.
 - Navjivan Rasayan (Gujarat) Pvt Ltd.