being

LUPIN

Annual Report 2011

An innovation-led transnational

pharmaceutical company








being LUPIN








$1.28 billion revenue

>20% EBITDA and growing

>30% CAGR embedded

consistent results over 20 quarters

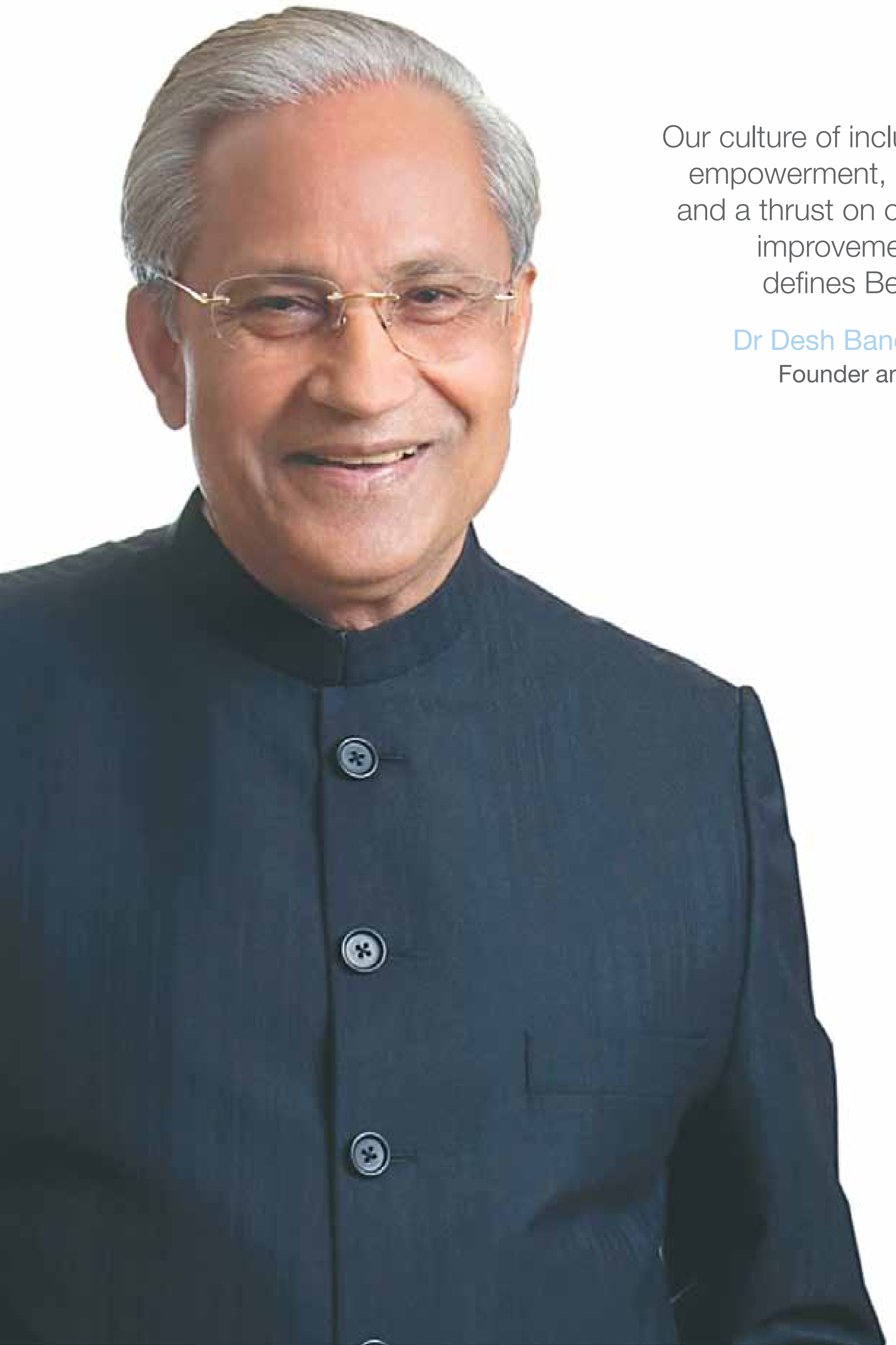
global footprint

operating in over 100 markets

LUPIN 2011

Contents

Chairman's Message



Our culture of inclusiveness, empowerment, innovation and a thrust on continuous improvement is what defines Being Lupin.

Dr Desh Bandhu Gupta
Founder and Chairman

Being Lupin

My Dear Shareowners,

Lupin is striving for more. We live today in a rapidly evolving global marketplace and an economic environment that has been through its most tested phase in memory. All businesses have learned from this and the ones that will shine into the future will be those that recognize it is not enough to rely on past triumphs but to constantly explore new frontiers, innovate and invest passionately in the future.

We must not look back at our milestones but look forward to new challenges and goals with a resolute determination to seek out excellence in all that we do. Quality products and services are no longer the hallmark of success. They are simply expected in today's increasingly demanding marketplace. We have created a high growth business model with consistently improving margins - an achievement that we are proud of. But this must go hand-in-hand with the ability to not only sustain every aspect of quality and performance but to maintain the vision and the will to deliver it; to always be alert for change and better ways of doing things. It is this combination that determines a Company's character, its culture of inclusiveness, empowerment, innovation and a thirst for continual improvement.

At Lupin, we are challenging our teams to look beyond our existing standards and seek excellence in every aspect of business. Better ways to relate to our customers and our partners. Better ways to develop new markets and new products. Better ways of research and innovation. Better manufacturing technologies. Better ways to serve all our communities.

I am delighted about the results we have achieved so far. My fellow Directors and our Leadership Team will tell you about our revenues of USD 1.28 billion in the past year, growth of over 20% in revenues and profits and a sustained improvement curve that has now spanned 20 consecutive financial quarters. But let not that be the whole story of Lupin 2010-11. We are building a global company positioned and poised to reach out for ever greater discoveries and achievements. That mission is our DNA; that is Being Lupin.

With Best Wishes

Dr Desh Bandhu Gupta
Founder and Chairman
Lupin Limited

Awards 2010 -11

CNBC India Business Leader Award
Most Promising Entrant into The Big League

BSE Award for **Best Return to Investors, 2011**

Lupin, **A Global Challenger, 2011**
The Boston Consulting Group

Great Place To Work
Best Companies to work for 2011, India

Frost & Sullivan Award
Indian Pharmaceutical Company of The Year

Dun & Bradstreet
India Corporate Awards 2010

Board of Directors

Dr Desh Bandhu Gupta, *Chairman*

Dr Kamal K Sharma, *Managing Director*

Mrs M D Gupta, *Executive Director*

Ms Vinita Gupta, *Director*

Mr Nilesh Gupta, *Executive Director*

Mr K V Kamath, *Director*

Dr Vijay Kelkar, *Director*

Mr Richard Zahn, *Director*

Mr R A Shah, *Director*

Mr D K Contractor, *Director*

Dr K U Mada, *Director*

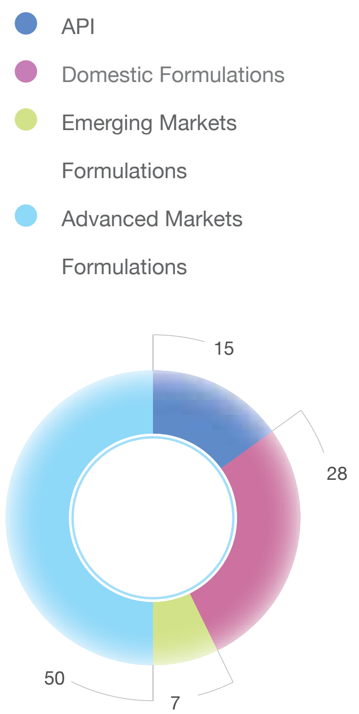
Lupin

The company was named after the Lupin flower because of the inherent qualities of the flower and what it personifies and stands for. The Lupin flower is known to nourish the land, the very soil it grows in. The Lupin flower is also known to be tolerant of infertile soils and capable of pioneering change in barren and poor climes. The Lupin flower and bean pods have also long been used as food and sources of nourishment, thus protecting and nurturing life.

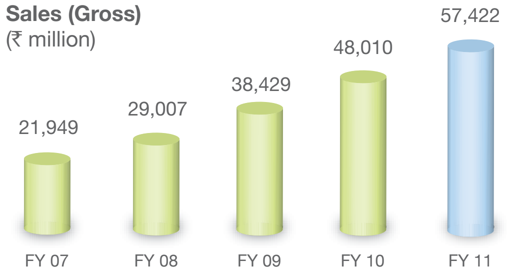
Lupin was founded in 1968 with the same vision, a company that would develop new pioneering drugs to combat, prevent and eradicate life-threatening diseases, by manufacturing drugs of the highest social priority, thus nurturing, protecting and enriching society, very much like the Lupin flower.

Financial Highlights 2011

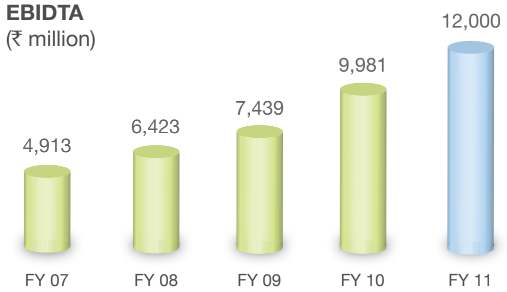
Revenue Composition (%)



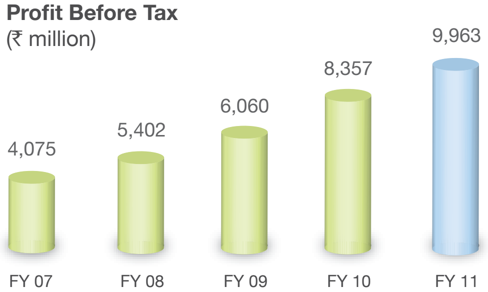
Sales (Gross)
(₹ million)



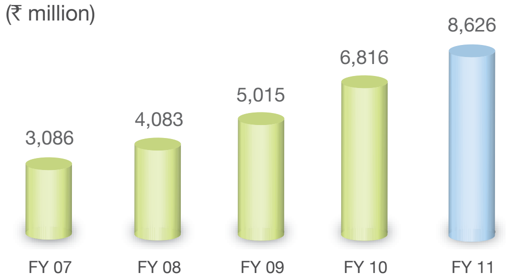
EBIDTA
(₹ million)



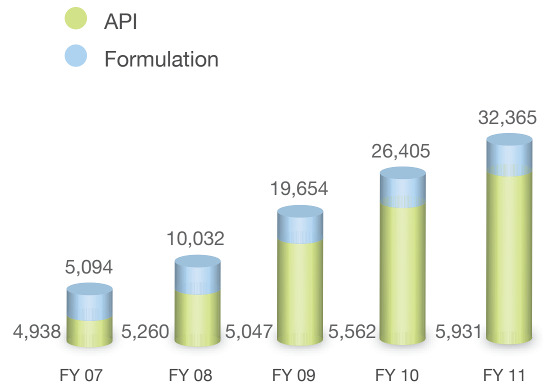
Profit Before Tax
(₹ million)



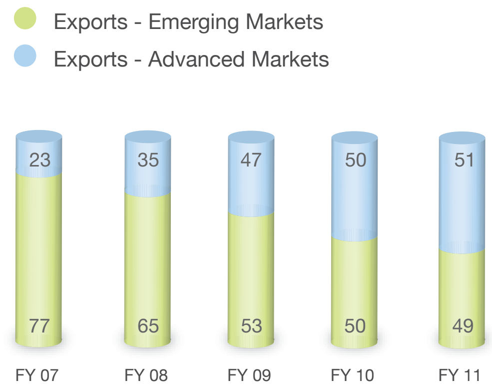
Consolidated Net Profit
(₹ million)



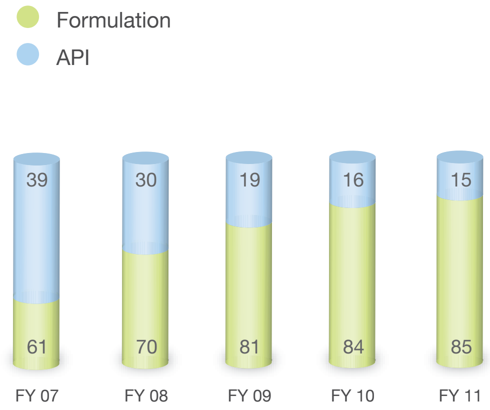
Exports
(₹ million)



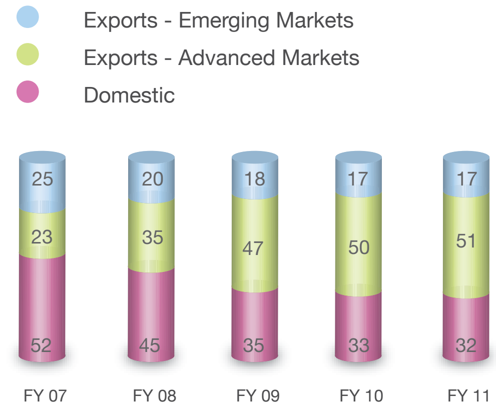
Market Break Down
% Contribution



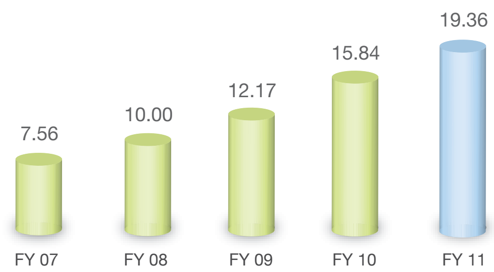
Business Mix
% Contribution



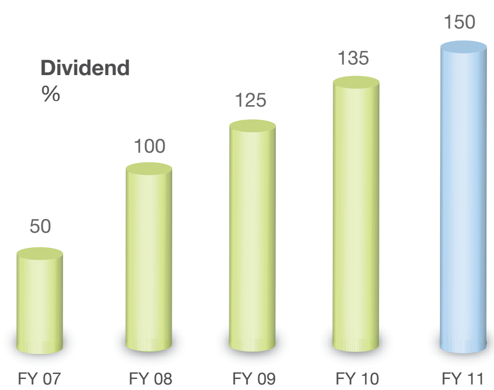
Geographic Break Down
% Contribution



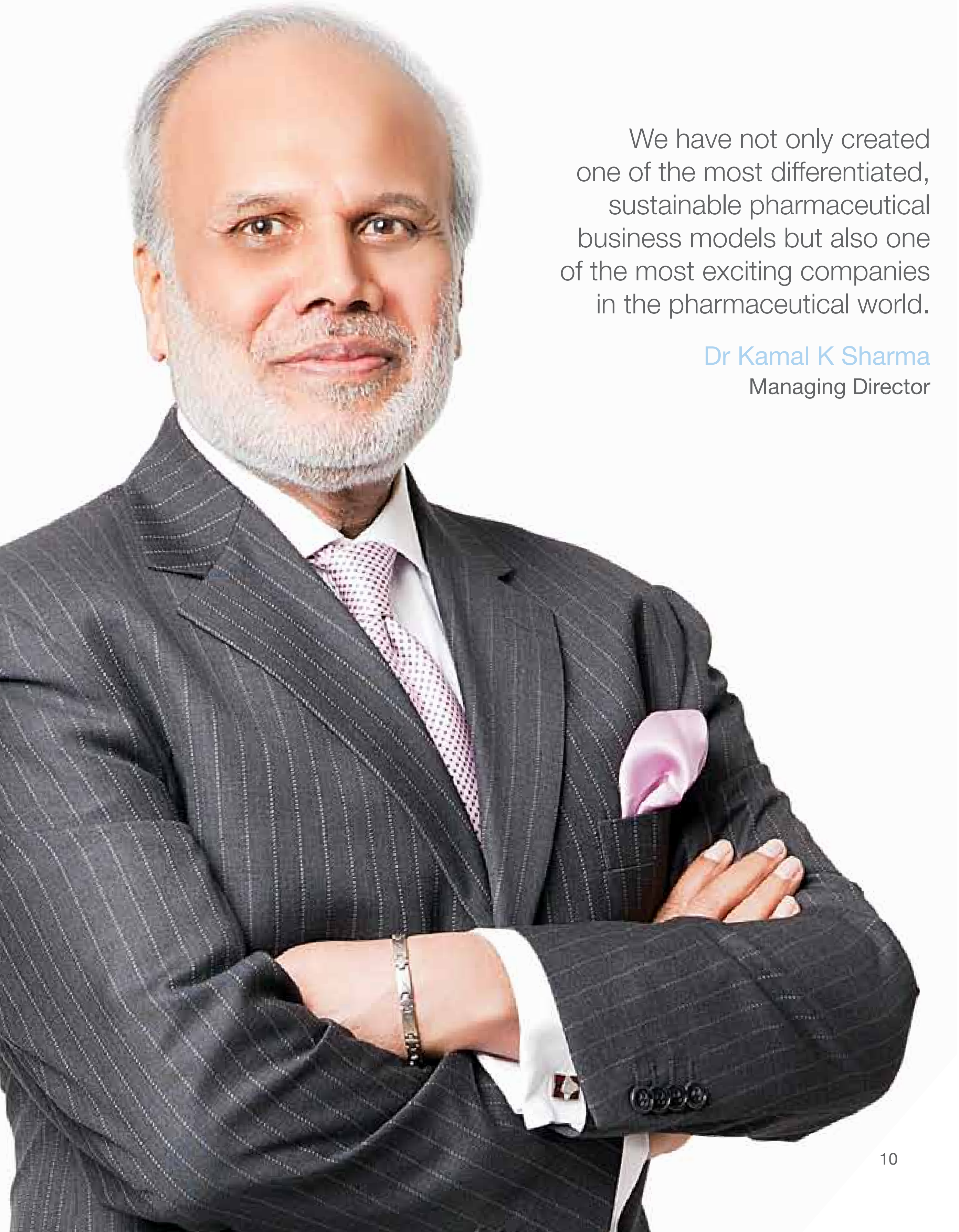
Earning Per Share Basic
(₹)



Dividend
%



Managing Director's Letter



We have not only created one of the most differentiated, sustainable pharmaceutical business models but also one of the most exciting companies in the pharmaceutical world.

Dr Kamal K Sharma
Managing Director

Being The Benchmark

Dear Shareholders

Lupin has one overarching objective that influences our decisions and actions. That goal is simply to be the best transnational pharmaceutical company in the world. We don't have to be the largest, just the best. Being the best has a variety of meanings to us. It means bringing value to our customers & ensuring sustainable shareholder returns. It also means a rigorous focus on quality in all its aspects, transparency in our dealings and fostering a culture of inclusiveness, mentorship and learning to make Lupin the best and most rewarding place to work in the industry.

In my review this year, I will not only dwell on the Company's performance but also talk about the "off balance sheet" indicators that are our hidden strengths.

The momentum of over 20 quarters of successive, sustained growth is a reflection of Lupin's geographic focus, continued expansion of market share across our global footprint, our product offerings and rigorous attention to input costs in our search for ever better efficiencies. The Company had a strong year of financial performance and is geared to excel further in the years to come. All our business verticals delivered double-digit growth with particularly robust business performance being delivered by US & Europe, India, Japan and South Africa. I am pleased to report that Lupin remains amongst the fastest growing generic players in the U.S., India, Japan, South Africa and the Philippines.

Continued investments in manufacturing, infrastructure and R&D and, more importantly, in human capital has resulted in us establishing a core of competitive advantage for the future. I believe that the sum of these parts means that we have established a culture of continuous enhancement of business quality and performance to ensure that Lupin will maintain its growth and profitability record over the long term.

In FY 2011, the Company's net sales grew by 20% to ₹57,068 million (USD 1.28 billion) up from ₹47,736 million the previous year. EBITDA margins increased to ₹12,000 million from ₹9,981 million in FY 2010, an increase of 20%. Net profits grew at over 27% to ₹8,626 million compared to ₹6,816 million in FY 2010.

Standing on the shoulders of sustained growth in the past, these results add up to the best growth numbers in the Industry – a 28% CAGR in Gross Sales; 40% CAGR in EBITDA and 45% CAGR in Net Profits for the last 6 years.

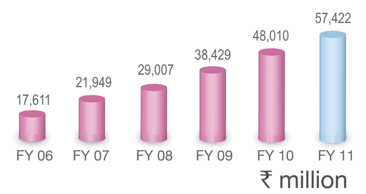
The Business Barometer

It takes time, patience and continued investments in people, research and technology to build markets. Over the last 6 years, we have adopted a systematic approach, Uniquely Lupin, whether it was for opening up new territories for our products, building market entries or establishing customer and trade relationships. The resulting performance, sustained growth momentum and value created are in front of you.

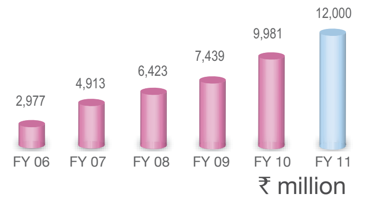
As expected, our international business increased by 20.4% in FY 2011 to ₹38,886 million from ₹32,298 million in FY 2010. Our Formulations business today contributes 85% of our overall revenues with the rest coming from API's.

I am pleased to report that we continued to record

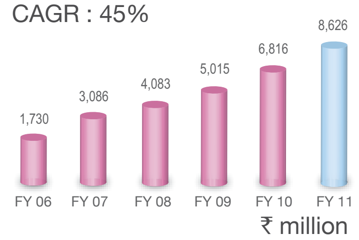
GROSS SALES
CAGR : 28%



EBIDTA
CAGR : 40%



PAT
CAGR : 45%



strong performances in our Advanced Markets of the US & Europe and Japan. During FY 2011, these markets contributed 51% of the Company's total revenues at ₹28,882 million up from ₹23,911 million in FY 2010.

Lupin continues to be the 5th largest and the fastest growing Top 10 generics player by prescriptions in the US and is the only Indian company to achieve such a status.

In FY 2011, the US brand business contributed 30% of the overall US revenues with a turnover of USD 133 million. Lupin remains the only Indian Pharma company with a significant Branded presence in the US Market.

Kyowa, the Company's subsidiary in Japan, posted robust net sales of ₹6,212 million, contributing 11% of Lupin's revenues having grown 16% during FY 2011. We continue to ramp up our operations in Japan and launched 6 new products and filed applications for another 8 during the year.

In the emerging markets, India remains the main growth driver and a critical market of focus. India contributed 27% of gross sales at ₹15,732 million during FY 2011 as against ₹13,502 million during FY 2010, registering a growth of 16.5% over the previous fiscal. This growth was driven by strong performance and increasing market share in the CVS, Diabetes, CNS, Asthma and Gastro therapy segments.

In South Africa, Lupin recorded growth of 38% in revenues to ₹1,829 million from Pharma Dynamics, its subsidiary in South Africa. Pharma Dynamics remains the fastest growing Top 10 generic company in the market with a clear leadership in the cardiovascular segment. Pharma Dynamics is now ranked 6th amongst the generic pharmaceutical companies in South Africa.

Lupin's Philippines subsidiary, Multicare Pharmaceuticals, grew by 28% during FY 2011. As a premium branded generics company, Multicare has built a strong position in the Women's health and the Pediatric Primary segment.

The Research and Quality Barometer

We recognize that focused long-term investment in new areas of research would form the backbone of the Company's future business performance and profitability. Lupin's Research and Development programs cover the entire research value chain; right from research on Generics, Drug Delivery Systems, to Novel Drug Discovery and Biotechnology.

FY 2011 revenue expenditure on R&D amounted to ₹4,834 million, 8.5% of net sales as against ₹3,570 million in FY 2010. Over the past 5 years we have created one of the best generic product pipelines in the world. A research based pipeline that has made us the 5th largest generic pharmaceutical Company in the US and will drive growth in the years to come.

During FY 2011, we continued to fine tune and ramp up almost all of our research programs in preparation of emerging opportunities, specifically for Generics and Biotech products for advanced as well as emerging markets. We added significant capabilities to our pharmaceutical research and novel drug delivery programs. 21 ANDAs were filed during FY 2011, bringing the total filings to 148.

Quality has long been a key focus area for the company. I am pleased to note that all our Manufacturing facilities remain in a state of constant compliance. Quality at Lupin is a never ending journey towards perfection. We have endeavored to set robust processes to ensure consistency and reproducibility. People are at the centre of this crusade and we are committed to train them and provide them with the best tools to succeed.

Human Quotient, the People Barometer

As I mentioned in my opening remarks, our tangible and intangible performance is an indicator of how the business vision and values of the company are being translated through our people to generate results. Being Lupin, means getting this equation right and ensuring that the entire organisation is attuned to a common, clear philosophy and value system. When people come first, performance is nothing but a natural outcome. We are grateful to our leadership teams, our cadre of people across the world, our suppliers and partners and especially our customers for making this another great year for Lupin. We have truly gotten started on a sustained quest to reach even greater levels where everyone is geared and committed to investing in every aspect of their existence; where we are committed to reinforcing a culture of self-empowerment and innovation built around a shared drive for continuous improvement, and hence evolution. Lupin is not a destination; it's a journey, so you can expect more from us. Stand by!

Yours Sincerely

Dr Kamal K Sharma
Managing Director
Lupin Limited

We have come a long way but we are yet to unleash the true value of one of the best pipelines in the Industry.

Vinita Gupta
Group President & CEO
Lupin Pharmaceuticals Inc

Being The Leader

The Company's business in the US and Europe recorded another year of strong performance with total sales of ₹22,017 million during FY 2011, up from ₹17,893 million during the previous fiscal, registering a growth of 23%. Lupin also further strengthened its European business where the company reported revenues of USD 41 million for FY 2011, up from USD 28 million during FY 2010 registering a growth of 44%.

We continue to be the 5th largest generic players in the US in terms of prescriptions (IMS Health) and the only Asian generic major in the Top 10. Furthermore, we remain the fastest growing top 10 Generic player for the 3rd year in succession growing at over 51% in terms of prescriptions.

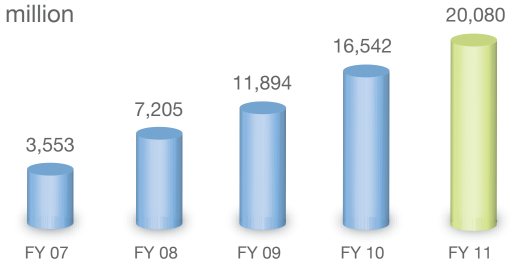
US and Europe maintain pole position in terms of being the principal growth engine for the Company, and are major contributors to revenues and margins. Our philosophy is to ceaselessly explore the full potential of Lupin's opportunities in these geographies. Current plans include an expansion of our generic portfolio, introduction of new brands, increasing the geographic footprint in Europe and preparing for an entry into the Canadian marketplace. In addition, we will continue to improve on our current market shares to enhance margins further. That is Being Lupin; a relentless quest to push the boundaries of conventional business thinking to seek optimization and differentiation in every aspect of our business.

US

Formulations sales in the US market were ₹20,080 million during FY 2011, up from ₹16,542 million in FY 2010, growing by 21%. Generics represented 70% of overall US sales, with the US Branded Business making up the balance.

US Formulation Revenue

₹ million



US Generics

The US Generic business is Lupin's main powerhouse of value creation. Lupin continues to increase its market shares for most of its marketed products through increased focus on execution, strong relationships with trade partners and an efficient and responsive supply chain, all supported by a globally integrated team, determined to explore better ways to create value.

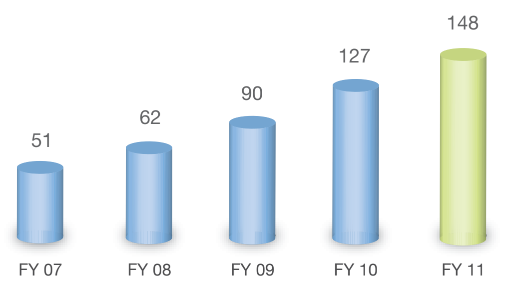
In FY 2011, the US Generics business recorded growth of 39% reporting revenues of USD 308 million up from USD 221 million in FY 2010.

Of the 30 generic products marketed in the US, 14 are market leaders in terms of market share. Lupin holds Top 3 positions in 27 out of these 30 generic products and our growth is driven equally by inline as well as new product introductions.

A very lucrative product pipeline, good new product launches, deeper customer relationships and world class Intellectual property capabilities have been the key to the success of our US Generics business. As the fastest growing generic player in the US we believe that we have the required momentum in place to accelerate this growth further. The ceiling is far from reached as we are yet to realize the true value of one of the best generic pipelines in the US market.

During FY 2010, the Company filed 21 Abbreviated New Drug Applications (ANDAs) with the United States Food and Drug Administration (US FDA). The Company continues to maintain its position as one of the Top 10 ANDA filers for the US market. The cumulative number of ANDA filings now stands at 148, with 48 approvals received till date. Lupin has 77 Para IV Filings with the US FDA. The cumulative first-to-file opportunities for the US generics market now stands at 20.

ANDA Pipeline



The Company received 8 approvals from the US FDA during FY 2011.

US Branded

With sales of USD 133 million, Lupin's Branded business contributed 30% to the overall US revenues. Lupin remains the only Indian company and one of the few global generics majors with a significant branded presence in the US.

Lupin's flagship brand, Suprax® continued its upward trajectory reporting a healthy rise of over 20% in prescriptions with the Suprax® double strength registering prescription growth of 48%. Suprax® has helped build a sound platform to build an even larger branded presence in the years to come.

During the year, the Company put in place new marketing programs for Antara® (Fenofibrate Capsules 43 mg and 130 mg) that it had acquired from Oscient Pharmaceuticals in the previous fiscal. Antara® is prescribed for treatment of hyper-cholesterolemia and hyper-triglyceridemia. The US Fenofibrate products market is around USD 1.9 billion wherein Antara® has close to 4.5% share of this market. Oscient had stopped promoting Antara® which had since witnessed a decline in sales. The Company has been able to stem the decline in sales, which have since picked up in the last quarter of FY 2011. The Company aims to strengthen and build on the brand equity that the drug enjoys with primary care physicians.

AeroChamber Plus® remains one of the most widely prescribed holding chambers across the US. AeroChamber Plus® is a Valved Holding Chamber (VHC) device that is used with metered dose inhalers to enhance the delivery of medication to the lungs in the treatment of Asthma and COPD. The device continues to bolster Lupin's franchise with pediatricians, whilst extending our presence in the respiratory segment.

During FY 2011, Lupin ramped up its US sales force to over 170 medical representatives given the focus on growing Antara®. The ramp-up helps build further critical mass to our specialty sales forces that address both Pediatricians and Primary Care Physicians and would also provide the company with significant headroom to increase branded sales in the US.

Lupin further aims to strengthen its branded portfolio with value-added line extensions and will continue to invest in developing new products built on its proprietary advanced drug delivery technologies. The Company is also on the look out for brands to acquire to fast track its formidable branded presence.

EUROPE

During FY 2011, the Company's formulations business in Europe recorded a growth of 44% reporting revenues of USD 41 million as compared to USD 28 million during FY 2010.

Over the last 4 years, we have invested in building a differentiated product pipeline encompassing Anti-infectives, Cardiovascular and CNS therapy products. Having established its presence across select EU markets through unique localised direct-to-market initiatives, judicious acquisitions and partnerships, the company is today well placed to address the unique demands of the fragmented and diverse EU market.

This was a record year for the Company in terms of product filings with European Authorities. Lupin filed 33 MAAs across Europe. Total cumulative product filings with EU authorities now stands at 91, with 44 total approvals.

France

It was an exciting year for us in the French pharmaceutical market as we made rapid and incisive inroads with new product launches and increased filings with the French authorities. Having built a strong presence with successful trade partnerships, the Company is looking to ramp up its presence in the market by introducing new products and therapy segments. The company has filed 14 MAAs with regulatory authorities and received 12 approvals till date. Lupin continues to garner increased market share with its Cefpodoxime Proxetil tablets and Cefpodoxime Proxetil suspension. The strong performance in France was backed by the launch of Trimetazidine, where Lupin was the first to get approval. The company also launched Clarithromycin XL in France during the third quarter of FY 2011.

Germany

Lupin's subsidiary, Hormosan Pharma GmbH (Hormosan) is our primary growth driver in the German market. With Germany transitioning to a substitution-driven market, the Company has sharpened its focus on tapping into the right Generic opportunities and specialty pharmaceutical products.

UK

Lupin's Business in the UK is a direct-to-market initiative. The company is now looking to introduce value-added products into the UK and has built a strong pipeline of 20 MAAs with the UK authorities.

Lupin is well aware of the opportunities and the challenges that lie ahead in maintaining and sustaining its current growth trajectory in US & Europe. The Company will continue to focus on identifying and entering niche segments, developing a differentiated product portfolio, successfully challenging and litigating the right opportunities and also rely on its ability to garner greater market share in existing in-market products. We would also continue to build our Brands Business in the US by entering new therapy segments and adding to our product portfolio. We are working hard on creating the right manufacturing capacities and facilities while ensuring adherence to the most stringent quality standards to meet market expectations. The goal is to be the best in terms of the quality of our business in the US & Europe. That is Being Lupin.

INDIA

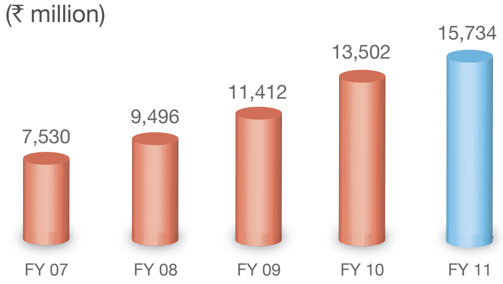
The measure of Lupin's performance in India will not be our growth numbers alone, but our ability to continue to champion the market.

Shakti Chakraborty
Group President
India Region Formulations

Being An Outperformer

India today is not only one of the largest manufacturers of drugs globally but also one of the fastest growing pharmaceutical markets in the world. In keeping with our past 5 years track record, Lupin's Indian formulation business continues to record exemplary growth as the Company continues to outperform the Indian Pharmaceutical Market (IPM). Lupin's domestic formulations business maintained its high growth curve and improved its market share across most therapy segments that it is present in. During FY 2011, Lupin's domestic business recorded sales of ₹15,734 million as compared to ₹13,502 million last year, a growth of 17%.

Domestic Formulations (Sales)
(₹ million)



Lupin is currently the 7th largest Indian domestic formulations major in the IPM having registered growth of 13.8% during FY 2011 (ORG IMS MAR 2011) and has an overall market share of 2.7% of the Indian Pharma Industry (ORG IMS MAR 2011).

During FY 2011, the Company augmented its field force to around 4,000 medical representatives with a view to create specialty sales and marketing teams focused on niche therapy segments and high value, high reach products. Replete with up-to-date medical and technical knowledge the field force has emerged as a qualitative differentiator in the marketplace.

Top Ten Lupin Brands (ORG IMS MAR 2011)

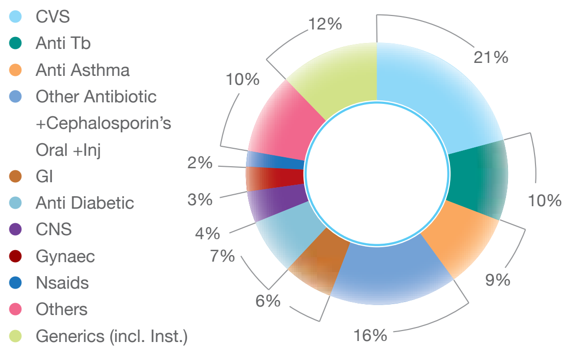
Products	Therapeutic Segment	Segment Ranking
TONACT	CVS	3
GLUCONORM	Anti Diabetic	4
RABLET	Gastro Intestinal	2
RCINEX	Anti-TB	1
RAMISTAR	CVS	2
AKT	ANTI-TB	1
CLOPITAB	CVS	3
L-CIN	Antibiotics	1
Telekast	Anti-Asthma	3
Budamate	Anti-Asthma	3

Lupin's growth in comparison with market (ORG IMS MAR 2011)

Therapeutic Segment	Lupin Growth %	Market Growth %
CVS	21%	16%
Anti-TB	10%	5%
Anti-Asthma	28%	14%
Antibiotics+Cephalosporins Oral+Cephalc	1%	14%
Anti Diabetic	31%	24%
Gastro Intestinal (GI)	22%	17%
CNS	20%	17%
Gynaecology	86%	14%

The Success Matrix

Lupin is today a lifestyle and chronic therapy segment major, having transitioned its product portfolio from acute therapy over the last 5 years. Lupin is now amongst the market leaders in fast growing and expanding chronic therapies like Cardiology, Central Nervous System (CNS), Diabetology, Anti-Asthma, Anti-Infective, Gastro Intestinal and Oncology. Lupin's sound business model and incisive product strategies coupled with flawless execution has been the principal growth driver for Lupin's domestic formulations business.



The Company's product and therapy focus has helped Lupin build brands that have today become leaders and the gold standard within their segments. Four Lupin products are amongst the Top 300 brands in the industry. Lupin's domestic formulations business continues to witness sustained growth in all of its key business divisions and therapy segments. Our main divisions are:

PINNACLE

Lupin's flagship division continues to ramp up its participation in the Indian Cardiac market and posted strong growth. The Company's overall rank within the Cardiology market grew to No.5, registering a growth of over 21% as against the relevant market growth rate of 16%. Lupin's largest brand, Tonact, became the highest prescribed brand in the Atorvastatin category with prescription share of over 11%.

Pinnacle also launched our entry into the ophthalmology segment be setting up a new division called Lupin Blue Eyes during FY 2011. The division also entered into exclusive, collaborative knowledge sharing arrangements with the American Academy of Ophthalmology for offering online scientific content to Indian Ophthalmologists. The division also entered into an exclusive tie-up with the Eye Bank Association of India for promoting the noble cause of eye donations.

DIABETIC CARE

Lupin Diabetes Care was carved out of the Pinnacle division in 2004 with an objective to focus on the diabetes market. Within a span of 5 years the division has become a strong growth driver for Lupin and has carved out a valued niche for itself within the Indian diabetes market. The division recorded strong growth of 31% during FY 2011.

Diabetic Care has consistently outperformed the market and Lupin is currently the 4th largest company in this participated market. The division also boasts of having built big brands like Gluconorm, Telista, Lupisulin and Matilda which are ranked in the top 5 of their respective segments.

LUPIN FEMINA

The Lupin Femina division, one of our youngest divisions, was launched just two years ago to spearhead the Company's entry into the women's health care segment. It has launched over ten brands since its inception and Lupin Femina is already ranked 7th in the Women's healthcare segment. During FY 2011, Lupin also launched one inlicensed product in the Gynaecology segment, Lupi-r-FSH.

The Femina division also joined hands with the Royal College of Obstetrics and Gynaecology (RCOG), to ensure that doctors in the Obstetric and Gynaecology space in India get access to medical journals, best practices and the latest technology breakthroughs.

RESPIRA

The Company's presence in the Anti-Asthma, Allergy and Respiratory Tract Infections and COPD medicine is spearheaded by the Lupin Respira division. Respira continued to garner greater market share and registered a growth of 28% as against market growth of 14% in FY 2011. Lupin is now ranked No. 2 in the Indian Anti-Asthma market (ORG IMS MAR 2011).

ENDEAVOUR

This multi-specialty division is responsible for the Anti-infective and Cephalosporin business for Lupin and focuses on acute therapy areas with a diverse product portfolio comprising Antibiotics, Pain Management and Gastrointestinal products. Lupin's Endeavour business grew at 22% outpacing the relevant market which grew by 17%.(ORG IMS MAR 2011). Endeavour also continues to make rapid inroads into the anti-arthritic segment and further consolidated its positioning with the launch of two in-licensed products for Osteoarthritis, Hyalgan and Sinosam. Hyalgan which was launched 16 months ago has already become a market leader in this segment. (ORG IMS MAR 2011)

MAXTER

One of the youngest divisions within Lupin's India domestic business, Maxter focuses on the Critical Care segment and has also made inroads into the field of wound management. Maxter's products like Tazar and Merotrol are market leaders in their categories. Maxter is the fastest growing player in the critical-care segment with a special focus on high-end injectables as well as other life-saving medicines and products.

LUPIN CVN

Lupin CVN is responsible for Lupin's entry into the Nephrology and Urology segments of the IPM. Lupin CVN outperformed the IPM by registering growth of 30% as compared to the average industry growth of 16% during FY 2011. CVN also has the distinction of being ranked No.1 by prescriptions in the participated market within a short span of 18 months of having commenced operations. 5 brands from the Lupin CVN product portfolio have already made it to the Top 3 in their respective segments. (ORG IMS Mar 11).

LUPIN MINDVISION

Lupin Mindvision is ranked 5th in its participated market within the IPM. The division successfully launched new products in major sub-segments such as Anti-depressants, Anti-epileptics, Anxiolytics and Stroke. Mindvision enjoys strong brand equity in the Neurology and Psychiatry segments, where it has created special learning platforms and programs for Doctors that help them interact with global experts and specialists. The division has also entered into special knowledge sharing and dissemination programs with organizations such as the European Neurological Society (ENS) and the European Psychiatric Association (EPA).

LUPIN ONCOLOGY

Lupin's Oncology division was launched in FY 2010 with the creation of a specialized field force of 100 medical representatives. The new division registered an aggressive growth of 64% for FY 2011. Lupin Oncology has launched a number of in-licensed drugs into the IPM. Drugs like, Genexol PM, which was In-licensed from Samyang Japan, and Luporal that have become key growth drivers and are trendsetters in their respective market categories.

LUPIN

The Lupin division continues to lead the IPM in the anti-TB segment with over 45% market share in the anti-TB market. Lupin's Anti-TB business grew by 9.7% during FY 2011. Lupin is also No.1 in the Quinolones category in the newer generation quinolone market.

IN-LICENSING

Partnerships and in-licensing arrangements are integral to the Company's future growth strategy for the Indian Market. Successful in-licensing deals have enabled Lupin to emerge as a 'first-to-market' company which has introduced several new drugs into the IPM, thus ensuring that the Indian marketplace has access to some of the latest innovations in the pharmaceutical world. Recognizing the importance of in-licensing to its growth objectives, the Company has set up a dedicated team to identify and pursue novel in-licensing opportunities.

In the last five years, the Company has introduced 26 in-licensed products into the IPM, out of which 6 products were a first for the Indian market. During FY 2011, the Company launched 7 in-licensed products in the IPM.

GOING FORWARD

Lupin's India Region Formulations business is on a high growth curve with enhanced market shares across multiple therapy segments. On the back of a robust domestic economy, the measure of our performance will not be our growth numbers alone, but our ability to continue to champion the India market. Being Lupin.

Rest of the World

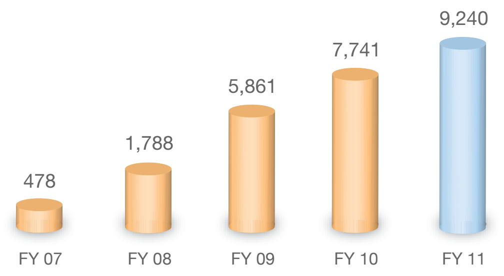
> Lupin is in high gear to explore, develop and make significant in-roads into a host of new geographies.
>
> Vinod Dhawan
> President
> AAMLA and Business Development

Being a Global Player

Lupin's Rest Of World (ROW) business currently covers the markets of Japan, Australia, South Africa, South East Asia, Middle East and some markets within Latin America.

During FY 2011, Lupin's business from these markets accounted for 16% of our total consolidated revenues. Ex-India operations along with its subsidiaries Kyowa - Japan, Pharma Dynamics - South Africa and Multicare - Philippines, reported revenues of ₹9,240 million, a growth of 19% from the previous fiscal. The Company is also building a sizable pipeline for these geographies and as such, has made over 616 product filings across markets.

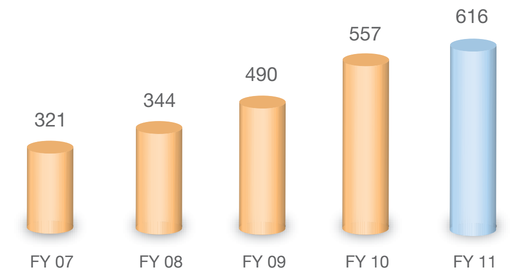
ROW Sales
(₹ million)



Building a global footprint is a long, detailed process, which requires research, exploration and a keen appreciation and understanding of local industry dynamics and localised relationships. There are still huge untapped opportunities in markets that are yet to be explored and realized by Lupin. Lupin's ROW business has a clear mandate to steadfastly extend Lupin's presence in these geographies in a manner that yields optimum benefit. Speed and Size are not the drivers; Sensible, well-planned, value driven strategies would be the key to our success and will go a long way in creating a true business differentiator.

IMS Health predicts that emerging markets will see their pharmaceutical spending rise from USD154 billion in 2010 to USD298 billion by 2015. These markets represent one of fastest growth drivers for the Company and Lupin is investing carefully in these lucrative "pharmerging markets" by leveraging our IP, research and manufacturing strengths.

Finished Dosages Filings (Rest of World)



Japan

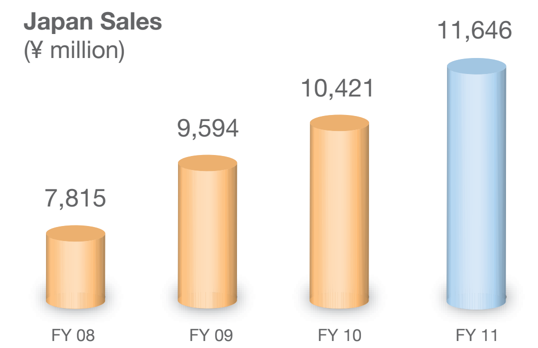
The Japanese pharmaceutical market is the second largest in the World and is valued at USD 80 billion.

Almost all Japanese citizens are covered through National Health Insurance (NHI) which is funded by the Government. Increased health insurance burden has propelled the Government to take measures to promote the adoption of generic medicines in the market.

These measures have resulted in increasing generic penetration in the Japanese market, creating strong growth opportunities for generic pharmaceutical players. The Government has also put in place healthcare reforms that would expand generic penetration to 30% of the overall Japanese pharmaceutical market by 2012 with the market expected to expand to USD 7 billion.

Lupin, with its strong R&D pipeline, vertically integrated manufacturing operations and a nimble supply chain is well positioned to take advantage of this opportunity. Kyowa Pharmaceutical Industry, Lupin's 100% subsidiary in Japan has strong presence in the Neurology, Cardiovascular, Gastroenterology and Respiratory segments. Kyowa is amongst the fastest growing generic pharmaceutical companies in Japan. Today, Kyowa has a product portfolio of over 200 products and a strong sales and marketing team of 75 personnel. In FY 2011, the neurology segment contributed to 44% of Kyowa's total revenues. During the year, Kyowa launched 5 new products and filed applications for an additional 20 products.

Over the past 4 years, Lupin has implemented a number of operational and margin optimization measures like price re-negotiations, API variations and utility cost improvements that have resulted in significant improvement in our margins and hence our profitability in the Japanese market. The gross margin has improved by 6.7% since integrating Kyowa's business, despite 2 biennial price cuts imposed by the NHI. Kyowa's business revenues have increased by a strong 49% since acquisition.



Today, Kyowa is amongst the fastest growing Japanese generic businesses with sales of ¥11,646 million (₹6,212 million) registering growth of 12% over the previous fiscal and contributing to 11% of Lupin's consolidated revenues.

API's have been identified as a key area for synergy between Lupin & Kyowa and the Company has started developing and filing the API's required by Kyowa. During the year, the Company filed for application API variation for 2 products using in-house Lupin APIs. The Company has filed for 2 more Drug Master Files for the Japanese market during the year. Lupin's Goa plant is already registered with PMDA, Japan. Kyowa is in the process of filing for additional site approvals for manufacturing at the Goa plant for 4 of its major products which are currently being manufactured at its Sanda plant.

South Africa

The South African pharmaceutical market is valued at about USD 2.5 billion and recorded a growth of 8% in FY 2011. Pharma Dynamics recorded revenues of ZAR 288 million (₹1818 million) registering a growth of 32% over the previous year. This growth record has been significantly higher than the average pharma growth rate of 8% and higher than the average growth rate of 13% of the 10 largest generic companies. Pharma Dynamics consolidated business has grown by an outstanding 144% since acquisition.

Pharma Dynamics is ranked 19th in the South African Pharmaceutical market and 6th in the generic space with a clear focus in the Cardiovascular, Central Nervous System, Gastroenterology and the OTC segments.

Currently, Pharma Dynamics has 233 dossiers in registration process including many in multiple sub-Saharan African countries. Lupin's planned move to backend production into our manufacturing facilities was successfully executed for two CVS products of Pharma Dynamics in the current year and 2 more products have been planned for the coming year. During FY 2011, Pharma Dynamics launched 6 new products. Pharma Dynamics will soon enter into new therapeutic areas of Female Healthcare, Injectables Antibiotics and Tuberculosis.

Philippines

Valued at USD 2.8 billion, and growing at 3.3%, the Philippines Pharmaceutical market experienced a slower growth rate in FY 2011 following implementation of Maximum Drug Retail Price (MDRP) regulations for several new molecules. Lupin's Philippines subsidiary, Multicare Pharmaceuticals is a premium branded generics company with a strong presence in the Female Health and Childcare segments. In FY 2011, Multicare recorded revenues of Philippine Peso 409 million (₹418 million) registering a healthy growth of 25% against the modest industry growth rate of 3.3%. As per IMS it also emerged as the 3rd fastest growing pharmaceutical company amongst the Top 40 in the Philippines pharmaceutical industry. Multicare's business has grown by about 40% since Lupin acquired it two years ago.

Australia

The Australian Pharmaceutical market, valued at USD 12 billion, is a market of strategic focus for Lupin, with generics accounting for 20% of the total market. In a strategic move to strengthen our position in the Australian market, Lupin increased its stake in Generic Health Pty. Ltd. to 76.7% from 49.9%, thus gaining management control. Rapidly growing OTC markets combined with factors like National Health Insurance coverage make this market a very lucrative generic opportunity. It is estimated that over half of the Top 100 selling prescription medicines in Australia are expected to come off patent in the next 4 years. With its wide range of quality generic products and OTC products, Generic Health presents a strategic fit to Lupin's growth aspirations in Australia.

CIS

The growing CIS pharmaceutical market represents a strong and lucrative business opportunity, with an estimated market size of USD 20 billion. Lupin's CIS business model involves offering differentiated products with a long term view of creating strong niche market segments. The path ahead is to enhance Lupin's CIS regional field force, forge new strategic trade relationships and enlarge the distributor networks.

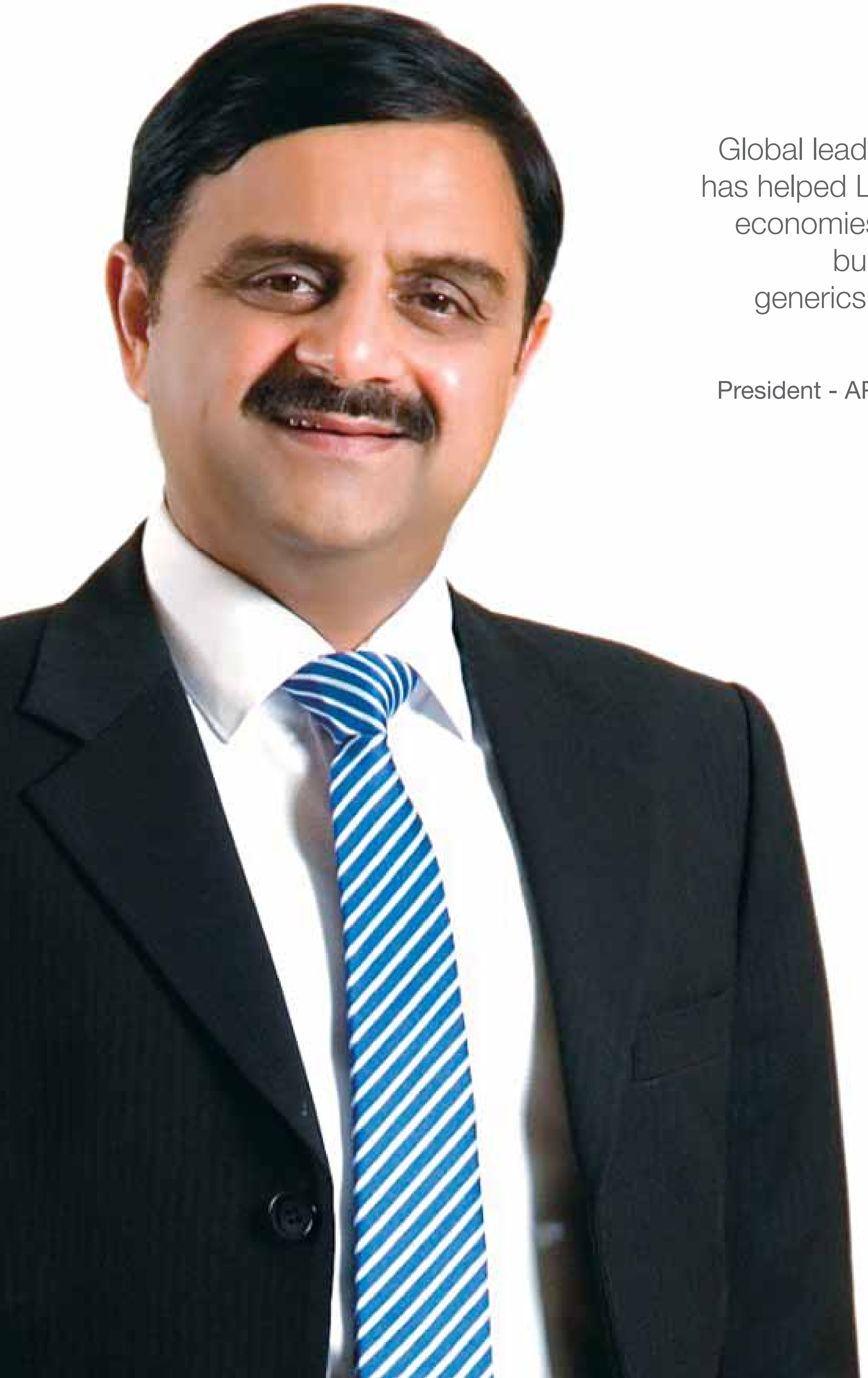
The Road Ahead

Lupin's momentum to explore, develop and make significant in-roads into selected new geographies is at an all-time high. We are selecting the next tranche of targets very carefully.

Generics remain the core consumer target segment across world markets and the company is also looking at growing its brand franchise in these markets, to be developed through a mix of organic and inorganic growth strategies.

We would continue to further consolidate our presence in Japan, Philippines, South Africa and Australia with a view to expand the scale of business rapidly over the next few years. As a strategy, the Company would look at leveraging its rich product pipeline to increase presence and participation in these markets. We would also look at creating synergies and exploiting advantages by sharing products and manufacturing capabilities. We actively seek In-licensing arrangements and strategic partnerships with other companies for these markets and we are also exploring; acquiring brands and businesses that would add value to our Company's existing business; value that would make us one of the fastest growing generic players in the emerging markets. Building a global footprint. Being Lupin.

Active Pharmaceutical Ingredients



Global leadership in APIs has helped Lupin leverage economies of scale into building a global generics powerhouse.

Naresh Gupta
President - API and Global TB

Being the Value Driver

Factors such as an increased focus on generics adoption globally, the rising number of blockbuster drugs patent expirations, constant demand for reduction in manufacturing costs and strong growth in the overall pharmaceutical market are some of the driving forces that are reshaping the global API Industry. Recent studies indicate that the API Industry is set for significant growth with India, China and Italy positioned as the largest producers. India has emerged as the most favored API producing nation globally largely because of its credentials as the best quality manufacturer of generic formulations as well as its cost competitiveness as compared to its counterparts.

Lupin's strengths and cost leadership in APIs has not only enabled forging of better synergies between diverse Formulation businesses across the globe but also helped create new opportunities for future growth. Today, Lupin is one of the most vertically integrated global generic majors; a market leader on both fronts of the pharmaceutical business, APIs and Formulations.

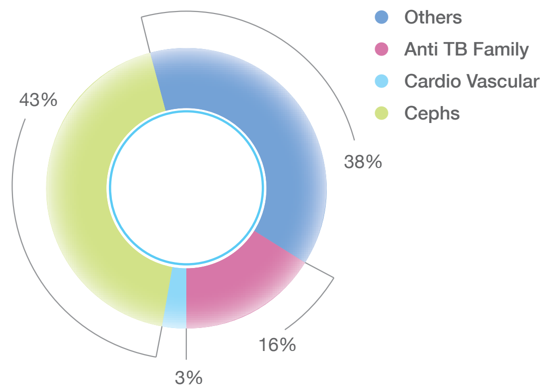
In FY 2011, the company's API business generated revenues of ₹8,403 million, representing a growth of 12% on a YOY basis. This has been achieved due to a constant endeavor to improve operational efficiencies but also because of careful strategic planning. Today, Lupin runs one of the most profitable businesses in the Industry with return on capital employed (ROCE), comparable to the best.

The company has established global leadership positions in its chosen therapeutic domains in API and has a firm grip on the Cephalosporins, CVS and Anti-TB space.

Over the years, and particularly in FY 2011, the Company's API output has grown significantly in both volume and value. This is a result of continuously and tirelessly focusing on creating operational efficiencies and building synergies with a view to both protect and improve margins. Coupled with prudent procurement strategies this has helped the Company sustain its profitability despite adverse input price volatility, witnessed specifically on the Pen G front. The added dimension of compounded growth in captive consumption to fuel the ever expanding formulations business provided an additional thrust to the volumes produced by the API division.

Lupin continues to enjoy global market leadership in Rifampicin, Pyrazinamide and Ethambutol, as well as in Cephalosporins such as Cephalexin, Cefaclor and their Intermediates. In FY 2011, Lupin continued to record significant growth in 7 ADCA & 7 ACCA products. Furthermore, Lupin continues to remain a strategic supplier of TB products to the Global Drug Facility (GDF), thus maintaining its premier position in the Anti-TB space.

In a strategic move during 2011, Lupin also merged Novodigm with its API business to further streamline operations, enhance productivity and increase capacities for the development of new APIs and intermediates. Lupin has also made significant investments into expanding the Novodigm production facilities in Vadodara.



Charting the Future Course

Lupin has imbibed a sizable API and intermediates pipeline for the future and plans to launch several new APIs and even forward integrate to finished products. Through market expansion, introduction of such new products and enhanced operational innovations, the Company looks forward to creating even greater efficiencies for manufacturing capacity utilizations. It is not simply enough to be the leader; it is the will and energy to maintain and grow that leadership position that defines Lupin's API business; Building Synergies. Being Lupin

Research & Development

If Financial performance is the Life of the Company and our People it's Heart, then Research and Development is the Creative Soul of Lupin.

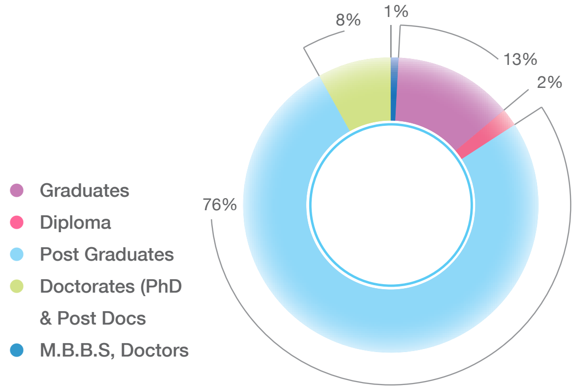
Nilesh Gupta
Group President & Executive Director

Being Creative

Research and Development is at the core and is the most critical part of any pharmaceutical company. At Lupin we see R&D differently. It is fundamentally about creativity, originality and being aware of what is really required. Being relevant and meaningful to the world in which we live, that is Being Lupin.

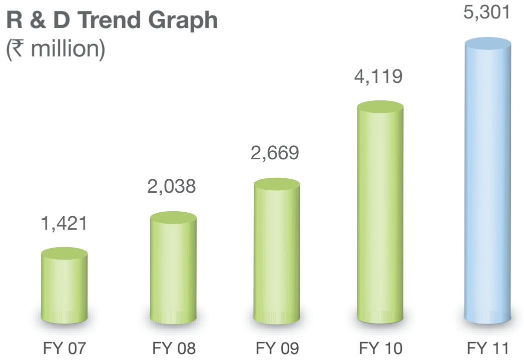
Our heritage forms the backbone of our research platform. But even that is not enough in today's rapidly changing, global environment. We can't just work on customer needs and then try to give that to them. By the time we get it done, the markets will, and do change. We need to mine our experience, look deeper into realities, drive forward in our thinking and deliver products and platforms that will be meaningful when they become realities. In addition, we must create genuinely strong intellectual property that hedges our investments and ensures shareholder value.

This type of endeavour cannot be successful in isolation. It is our people who have lead from the front and have been the moving force. We have to recruit, motivate and reward the best and at the same time deliver an environment where excellence is expected. This is the global R&D platform that we have built and delivered at Lupin Research Park in Pune. Lupin Research Park today houses a pool of over 1000 scientists.



During FY 2011, the Company invested 8.5% of its net sales for R&D and related spends, amounting to ₹4,834 million.

R & D Trend Graph
(₹ million)



This was a year of increased investments and sharper focus across the entire Lupin R&D value chain. Every aspect of the research program underwent rapid ramp-ups amidst deep preparation for the opportunities that lie ahead; be it improved quality of product filings from Generics Research; Landmark out-licensing deals from our Advanced Drug Delivery Systems Research; the creation of a strong IP estate around our filings and competent Intellectual Property Management by our IPMG group; and the strengthening and launch of new programs in the Novel Drug Discovery and Development Program or heightened activity in the Company's Biotechnology Research. The relentless momentum in our R&D programs has enabled Lupin to enter a new phase in its journey to evolve as a global pharmaceutical powerhouse, a Company built on proprietary technologies and innovations which will go a long way in helping us ink our own destiny for the long term.

Key Highlights:

- Lupin filed 21 ANDA's and 7 DMF's with the US FDA and received 8 approvals during FY 2011. Additionally, 33 MAA's were filed with European Authorities. The Company also filed a record 9 first-to-files filings during the year.
- Lupin extended its arrangement with Salix Pharmaceuticals by granting worldwide rights (excluding India and select geographies) to Salix for its proprietary bioadhesive technology for Rifaximin.
- The Company's Clinical Research arm, Lupin Bioresearch Center (LBC) underwent a successful US FDA inspection in October 2010.
- Lupin's new state of the art Pharmaceutical R&D

Growth in Lupin's product filings in the Advanced Markets has created one of the most lucrative generic pipelines in the world.

Dr Ninad Deshpanday

President – Pharmaceutical Research and Development

center was established in Aurangabad. The centre commenced operations in September, 2010.

- New Development labs for our NDDD group commenced development work in June 2010. A new In-vivo (animal pharmacology) lab was commissioned in November 2010.
- 10 New drug discovery Research programs were initiated with significant progress made during the year. Multiple of these programs offer first-in-class opportunities, with 6 programs having already progressed to lead-to-clinical candidate phase.

Generic Research & Development

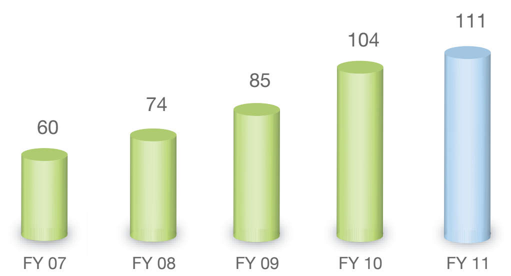
Lupin's Generic Products R&D Program is predominantly focused on developing APIs and Pharmaceutical Generic Products for US, Europe, Japan and other Advanced Markets. The Program is split into four key research groups - API Process Research, Pharmaceutical R & D, Analytical Research and BioClinical Research.

API Process Research

Lupin is well known for its research & manufacturing capabilities and for developing and producing cost-effective and reliable APIs. The Company has built strong capabilities for developing cost-effective, non-infringing, safe and eco-friendly technologies for the synthesis of these intermediates and APIs. The Company's Process Research capabilities have helped build a robust vertically integrated model for our global generics business. The Company has also expanded its capacity by integrating and upgrading the Dabhasha API facility (formerly Novodigm) to meet demand for Advanced Markets.

In FY 2011, the Company filed 7 US DMF filings taking the cumulative total to 111 DMF filings, and 127 EDMFs/COSs, with several unique and complex APIs.

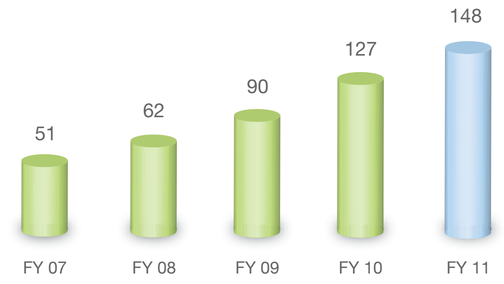
Cumulative DMF Filings



Pharmaceutical Research

The last few years have been landmark years for Lupin in the Pharmaceutical Research domain. In FY 2011, Lupin's Pharmaceutical Research Group filed 21 ANDAs with the US FDA and 8 European Union applications. The cumulative number of ANDA filings with the US FDA now stands at 148, with 48 approvals received to date. The total cumulative filings within the European Union stands at 91, with 44 total approvals received so far. Furthermore, the cumulative first-to-files now stand at 20.

Cumulative ANDA Filings



FY 2011 saw the addition of development capabilities in new therapeutic areas such as Ophthalmics, Pulmonary pMDIs and DPIs and Dermatology. In order to support business and meet demand in emerging and fast growth markets like India, CIS and Rest of the World, the Company also set up a new state-of-the-art Pharmaceutical R&D center in Aurangabad. The centre commenced full scale operations in September, 2010.

Advanced Drug Delivery Systems

For over 5 years, Lupin has made strategic investments towards strengthening its ADDS capabilities. In FY 2011, Lupin and Salix expanded the in-licensing agreement to cover other geographies. The two companies will collaborate in the development and commercialization of an extended release product that would incorporate Rifaximin with Lupin's proprietary bioadhesive technology. Lupin and Salix have also entered into an exclusive agreement for supply of Rifaximin Active Pharmaceutical Ingredient (API).

The Company now has a host of drug delivery platforms that have already been developed. These include:

- Bioadhesive/Gastroretentive Extended Release
- Laser-Drilled Extended Release
- Matrix/Coated Extended Release
- Taste Masking Technologies
- Improved Bioavailability through Solubilization and Nano-particle technology

The Company, as a part of its strategy, would continue to aim at licensing out its ADDS products to strategic partners while also work on developing niche brands for itself.

Analytical Research

The Analytical Research Group is responsible for ensuring that all processes and products transferred to Lupin's manufacturing plants meet regulatory requirements and expectations through the development and validation of the right testing methods. LRP houses a sophisticated analytical facility that supports both Process Research and the Pharmaceutical Research Groups.

The facility is also equipped to study physical properties such as polymorphism in API and drug products, using Powder X-ray Diffraction, Solid State NMR and Differential Scanning Calorimetry. Additionally, isolation/synthesis and characterization of impurities in APIs and drug products is conducted with the latest LC/MS-MS systems and automated preparative HPLC techniques and instrumentation.

Lupin Bioresearch Center

Lupin Bioresearch Center (LBC), started in early 2009, has both Clinical and Bioanalytical capabilities. This independent center in Pashan, Pune, houses 2 clinics, a bioanalytical lab with 8 state-of-the-art LC/MS-MS systems and its own clinical chemistry lab amongst several other capabilities.

LBC underwent a successful US FDA inspection in October 2010 for both the Bioanalytical and Clinical areas and the center was commended by the agency inspectors for their excellent practices and systems.

LBC conducts important bioequivalence testing exclusively for Lupin's generic products prior to the filing of our ANDAs or other regulated market filings. LBC also manages out-sourced Bio-Equivalence studies, clinical end-point studies as well as the studies for the Company's ADDS initiatives. As of 31st March, 2011, LBC had successfully completed 68 full studies.

Intellectual Property Management

Over the years Lupin's Intellectual Property Management Group (IPMG) has become a benchmark in the Generics Pharmaceutical space for its track record in creating a strong patent estate around Lupin's products and pipelines, carrying out patent challenges successfully and playing a pivotal role in identifying new therapy areas and products for the Company's research programs.

During FY 2011, Lupin had 9 first-to-files for the generic versions of Welchol Powder®, Ranexa® Tablets, Lyrica® Oral Solution, Prezista® Tablets, Solodyn® (55 mg) Tablets, Zymaxid® Ophthalmic Drops, Keppra® XR Tablets, Tykerb® Tablets and Trizivir® Tablets. The cumulative first-to-file opportunities now stand at 20.

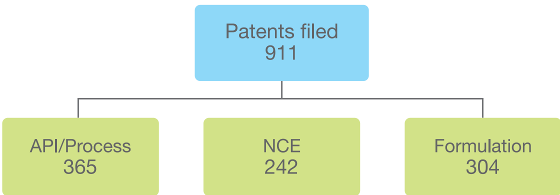
During the year, the Company settled all ongoing litigation with Warner Chilcott's for its oral contraceptive products Loestrin® 24 Fe and Femcon® Fe. In addition, Warner Chilcott has granted Lupin a non-exclusive license covering Femcon® Fe, which will permit Lupin to commence marketing either an authorized generic product, which would be supplied by Warner Chilcott, or a generic equivalent of Femcon® Fe in the United States. Warner Chilcott has also granted Lupin the rights to purchase and sell in the US an authorised generic version of its Asacol® 400 mg (Mesalamine tablets) product.

The Company also settled all ongoing litigation over Eszopiclone tablets thereby dismissing a patent suit brought by the drug's manufacturer Dainippon Sumitomo Pharma Co., Ltd's subsidiary Sunovion Pharmaceuticals Inc. ("Sunovion").

In addition, the Company settled separate patent infringement suits brought by Abbott Laboratories and Elan Pharma International Ltd. over Lupin's efforts to market a generic version of cholesterol drug TriCor® (Fenofibrate) tablets.

During the year, the Company also entered into a license agreement with Abbott Laboratories and Laboratoires Fournier S.A. for various Abbott patents for Lupin's Antara® (Fenofibrate) Capsules.

During the course of the year, Lupin filed 75 Formulation patents, 42 API / Process patents and 17 NCE patents.



Novel Drug Discovery And Development

At Lupin, we recognise that the long term vision for our proprietary R & D program rests in our ability to create new products that meet the needs of an ever evolving populace. The essence of the vision for the Novel Drug Discovery and Development (NDDD) programme is to discover, develop, out-license and commercialize novel drugs that address disease areas with significant unmet medical need. More than 10 new targets have been selected based on painstaking analysis of the latest medical research. We believe there are many 'First-in-Class' opportunities available for many of these research programs and all Lupin discoveries are being validated through a panel of global experts in each therapy area.

Having completed the revamp of the NDDD program, Lupin has now created very sophisticated infrastructure, acquired cutting-edge technologies and we have built a brilliant pool of top notch talent that will create significant value going forward.

The NDDD program would focus to win in the mid to longer-term by a "Quick-Win, Fail-Fast" cost-efficient development approach, differentiated by establishing a 'Efficacy Within Time' approach, while ensuring safety. Six of our programs have already progressed to a lead-to-clinical candidate phase.

In FY 2011, the group implemented a centralized corporate R&D database (Chem-Bio Office), which is critical for managing the knowledge generated within the NDDD program and is key for decision making with respect to product pipeline progression. Five leading therapeutic area experts of international repute have joined our advisory panel. We also have a strong intellectual property creation and management strategy in place; 22 patents have been filed for global coverage; and there are continuous efforts to enhance our patent portfolio.

Therapeutic Targets

Therapy Area	Differentiated Pipeline
Metabolic / Endocrine Diseases	Novel Mechanisms for new Anti-Diabetics
Pain & Inflammation	Holy grail of pain remedy
Auto-immune diseases	Targeted for Rheumatoid Arthritis and other immune disorders
CNS disorders	Robust treatments for cognitive deficits in different CNS conditions
Oncology	Highly differentiated anti-cancer treatment (hitting only cancer cells)
Infectious diseases	Highly potent anti-viral therapy

Biotechnology Research

The Biotechnology Research Group based out of Pune was established 3 years ago. The vision of this group is to develop and commercialize Bio-Similars and New Biological Entities for the Company. Lupin's state-of-the-art Biotech research & manufacturing facility has already been approved by the Institutional Bio Safety Committee (IBSC) for research on recombinant DNA. Furthermore, this facility has also been accredited as a Biotech Centre by the Bioinformatic Centre of the University of Pune. Biotechnology research within the R&D value chain would be one of the key pillars of Lupin's future business strategy and success as a global pharmaceutical powerhouse.

The essence of Lupin's NDDD vision is to discover, develop, out-license and commercialize novel drugs in disease areas with a significant unmet medical need.

Dr Rajender Kamboj

President - Novel Drug Discovery and Development

Biotechnology research will grow to be one of the key pillars of Lupin's future business strategy as a global pharmaceutical major.

Dr Cyrus Karkaria
President - Biotechnology

Lupin currently has close to 100 scientists working at this dedicated facility. Research in different therapeutic areas encompassing oncology and immunology is being conducted here. Consequently, the biotechnology division has eight different protein therapeutics in different stages of development with two of the most advanced products about to commence clinical trials.

The Company has also commissioned state-of-the-art cGMP manufacturing facilities for microbial as well as mammalian derived proteins. The division has filed 13 patents for proprietary technologies that have been developed in-house and published 19 research articles. Lupin is now looking to launch its first Biological in the Indian market by next fiscal. It is also exploring collaborative opportunities in the field of new biological formulations and new biological entities.

Quality & Regulatory Compliance

Quality at Lupin is a never ending journey towards perfection. The Quality and Regulatory Compliance standards that we have set for ourselves are the mainstay of our long-term competitiveness and are going to sustain Lupin as a global pharmaceutical major.

At Lupin, we believe in adhering to the strictest standards of Quality and Compliance. Our standards are set to not only meet but exceed best practices as laid down by regulatory bodies globally. We believe that quality is a way of life. We owe it to our customers to deliver nothing less than the best products all the time, every time. So Quality at Lupin is the norm and the only expected deliverable from our manufacturing operations.

Corporate Quality Assurance is enforced and supported by a team of over 1,000 personnel across all Lupin sites. Compliance for us goes well beyond complying with a set of existing rules, constant compliance.. assured quality.. That is Being Lupin.

Manufacturing

Manufacturing at Lupin is truly global. We operate 9 facilities, all of which are truly world class and remain in a state of constant compliance. Quality, Safety and Environmental protection is the first commitment at Lupin's plants coupled with constant efforts to build efficiencies and economies of scale without compromising on quality. We have endeavored to set robust processes and establish state-of-the-art infrastructure to ensure consistency and reproducibility.

All of our facilities remain in a state of constant compliance assuring customers and regulators of products and quality that is Uniquely Lupin.

Alok Ghosh

President
Technical Operations

Lupin's success rests on its efficient vertically integrated business model. Riding high on our manufacturing expertise, today, we have emerged as market leaders in the areas of Prils and Statins and remain cost leaders in the Cephalosporins and Anti-TB space. With consistent and continued investments in augmenting our manufacturing capacities, we have ensured that our capabilities are completely attuned to our growth aspirations. Almost all of our facilities have been inspected by the US FDA, UK MHRA, WHO, Australian TGA, and Japan's MHLW.

Our state-of-the-art manufacturing plants add to our ability to deliver quality and scale, having successfully integrated our capabilities and capacities to deliver a wide product portfolio that caters to the varied needs of diverse markets. Our manufacturing teams are engaged in ensuring that global standards of best manufacturing practices are implemented at every Lupin facility. Creating efficiencies and being reliable, that is Being Lupin.

Being Reliable

Mandideep 1
Indore 2
Aurangabad 3
Tarapur 4
Sanda, Japan 5
Ankleshwar 6
Jammu 7
Goa 8
Vadodara 9

5

3

7

2

6

1

4

9

8

Human Resources

What sets us apart is our deep commitment to our people, their growth and continuous development; a difference that makes Lupin one of the Top 3 places to work in the Indian Pharmaceutical Industry.

Divakar Kaza
President - Human Resources

Being A Great Place To Work

At Lupin, we are challenging our teams to look beyond our current paradigms for new and better ways of working to meet our customer's expectations. For a Company on a high growth curve which has been outperforming markets consistently, we have strived hard to go beyond attracting, nurturing and retaining talent; beyond employee engagement initiatives; beyond learning and development programs, to put in place programs that truly create, foster and nurture an ever evolving dynamic environment that enables individuals to learn, imbibe, perform, succeed and grow together.

Today, around 18% of Lupin's overall global workforces are women, one of the highest in the generic pharmaceutical industry up from 6% in 2004. Women in Lupin also have more presence in middle to senior management than ever before.

Today, 11% of our workforce is outside India and we have employees with over 26 nationalities working for a common goal, speaking a common leadership language, within a common framework of delivering results on a continuous basis.

I am pleased to say that Lupin has evolved as one of the top 3 best places to work in the Pharmaceutical Industry propelled by the collective aspirations of a multinational, culturally diverse workforce of over 11,000 people.

Building a Leadership Engine

Our people are our most prized asset and we have always been focused on ensuring that they are aligned with our mission to evolve as one of the finest transnational pharmaceutical companies.

With that objective in mind, the Company set up the 'Lupin Learning Centre' where we have put in place comprehensive induction and mentoring programs that ensure and inculcate core values and help manage the transition to Lupin for every employee, irrespective of cadre and experience. Specialized Talent Management initiatives like our 'Top 100' and 'Expanding Horizons' programs help us identify high performing employees with potential to grow. Focused attention in terms of specialized learning modules, accelerator experiences and one-on-one mentoring is provided to these employees to ensure that we have a ready and well rounded leadership pool to meet our growth needs.

Tie-ups with leading management institutes such as IIM-Ahmedabad, NMIMS-Mumbai and leading technology institutions such as BITS Pilani, Pune University and Manipal University have helped our people pursue their academic interests concurrently while working at Lupin. And it doesn't stop there. Lupin has developed measurement techniques to assist each individual in understanding their progress and a culture that enables feedback and fresh learning initiatives on a continuous basis. The company has also developed the Lupin Leadership Competency Framework. We have been able to define a set of competencies that would define a Lupin Leader. Relevant employee pools have gone through these unique leadership development programs. Through this, we will be able to create a unique and yet unified language for Lupin Leadership.

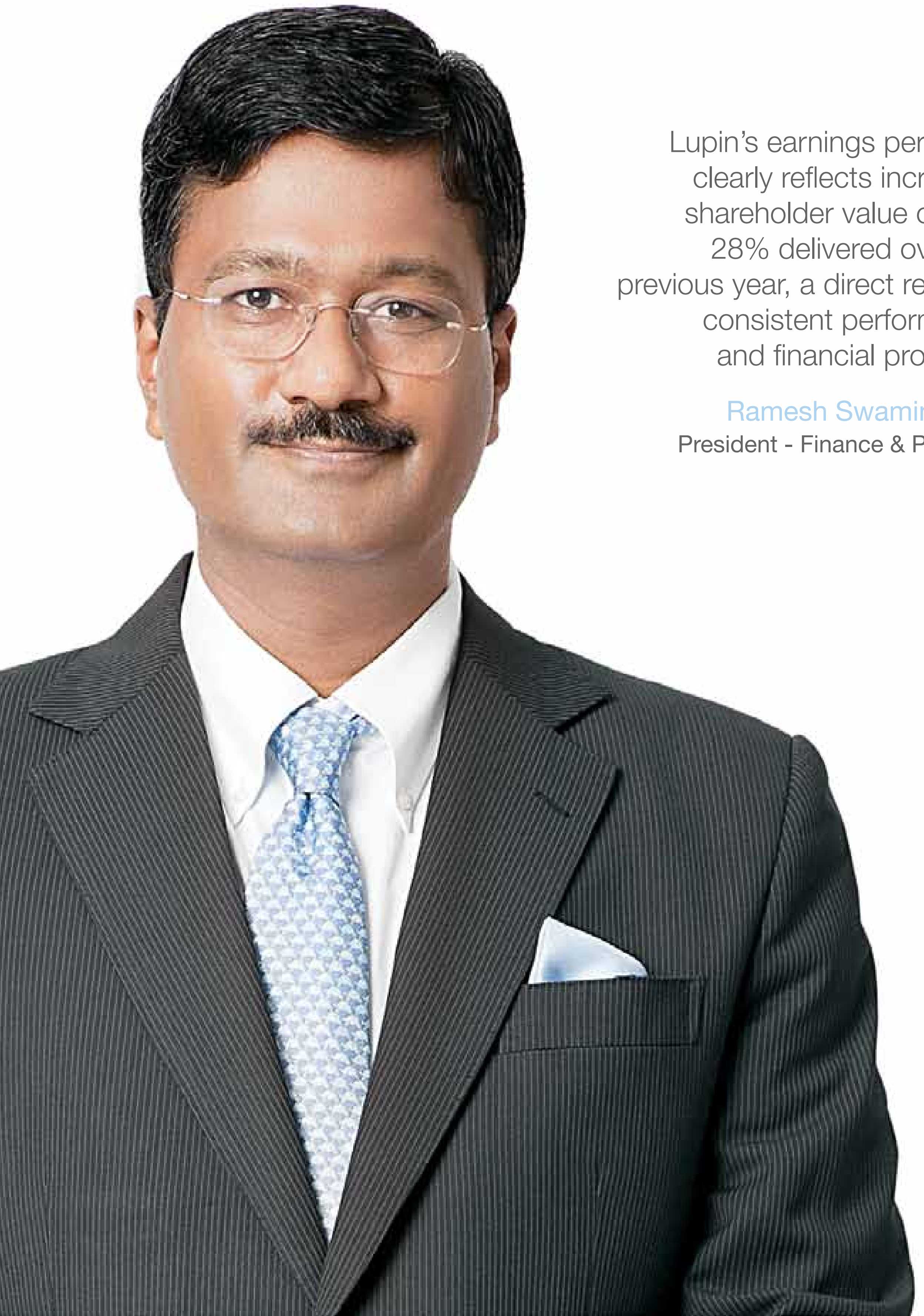
We continue to win accolades and recognition from the external community. We have this year been rated as one of the Top 3 in the Pharma Sector in the Great Places to Work survey conducted by the Great Places to Work Inc in collaboration with The Economic Times.

One World, One Lupin

Lupin realizes that managing diversity means acknowledging people's differences and recognizing these differences as valuable. We enhance good management practices by preventing discrimination and promoting inclusiveness. All this stems from the understanding that we all operate on a global stage and that each and every team member has a critical role to play. At Lupin, managing diversity has truly become a way of life and a key unifying factor. Our goal has been to create a workplace that truly recognizes and values this diversity: a workplace that is built around the core principles of meritocracy and individual innovation.

HR at Lupin is a facilitator for continuous evolution enabling individuals for rapid growth, equipping them with functional and leadership skills so that they grow along with the company, contribute meaningfully and also lead fulfilling lives. Our continuous focus is not just to build a talent and leadership pipeline to meet the growing needs of the company but also provide a platform for employees to learn, grow, enjoy and be in a company where they can live their dreams. A company which is a global community, a family bound together with a single minded focus of being the best .. of Being Lupin.

Financial Review



Lupin's earnings per share clearly reflects increased shareholder value of over 28% delivered over the previous year, a direct result of consistent performance and financial progress.

Ramesh Swaminathan
President - Finance & Planning

Being Responsible

Shareholder value is a hard-won prize that we have earned through consistent financial performance, successful market strategies and transparency in all our dealings. It not only reflects value created and delivered, but is also an expression of the shareholder's trust in the Company and its management over the years. At Lupin, we've always had very strong corporate policies, a well defined performance & corporate governance matrix, backed by financial discipline and prudence that has created the very foundation for sustained growth. We believe that there is no other way to play except with a straight bat. Businesses have their own cycles and every company has its own learning curve, with its share of lessons learnt. 'Being Lupin' means we are open to continual learning and we value transparency and trust amongst all our stakeholders.

In the financial arena, we have established rigorous control processes and have nurtured a culture of listening to all our stakeholders. Consistency pays dividends and is hard won. The results this fiscal reflect a six-year record of sustained growth, with 20 consequent quarters of continuous improvement, driven by:

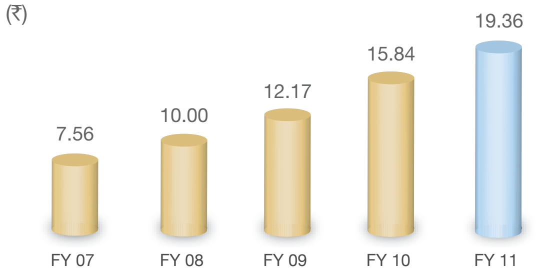
- Continued focus on developing niche IP based products
- Entry into the "right markets" and new high yield therapy areas
- Continued focus on cost leadership and profitability
- Competitive advantage derived from our vertically integrated business model

The Company recorded strong growth of 20% in consolidated revenues to ₹57,068 million in FY 2011 from ₹47,736 million in FY 2010. Earnings before Interest Tax Depreciation and Amortisation (EBITDA) increased by 20% to ₹12,000 million from ₹9,981 million. The Company's Net Profits grew to ₹8,626 million, registering a stellar increase of 27% over the previous year's net profit of ₹6,816 million.

Dividends and Taxation

The Company recorded Earnings per Share of ₹19.36 during FY 2011, up 22% from the previous year. Given the robust performance recorded by the company and taking into account shareholder commitment over the years, the Board of Directors has recommended a dividend of 150%. Lupin's recommended dividend reflects increased net worth of over 28% for the year, a direct result of consistent performance and financial progress.

Earnings Per Share Basic
(₹)



The aggregate tax obligations of the Company were lower as compared to the previous year due to higher turnovers from Tax Free Production Zones and the effective tax rate for the company for FY 2011 was 12%.

Strong Growth in Advanced Markets

Advanced Markets Formulation sales (US, Europe and Japan) increased by 22% to ₹28,229 million for FY 2011, up from ₹23,233 million the previous year. Lupin remains the 5th largest generic player in the US in terms of prescriptions (IMS Health) and is currently the market leader in 14 out of 30 generic products in the US (No1 in market share). Lupin's Japanese subsidiary, Kyowa, grew by 16% to ₹6,212 million in FY 2011, contributing 11% of earnings.

Emerging Markets on High Growth Curve

Net sales for Lupin's India Region Formulations business grew by 17% to ₹15,509 million during FY 2011, up from ₹13,303 million.

Lupin's South African subsidiary, Pharma Dynamics grew by 38% to ₹1,829 million as against ₹1,328 million in FY 2010. Our Philippines subsidiary, Multicare Pharmaceuticals, registered sales growth of 28% at ₹418 million for the year.

R&D - Engineered to Sustain Growth

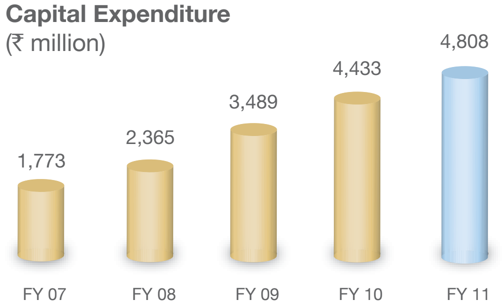
Revenue expenditure on R&D increased to ₹4,834 million, 8.5% of our net sales, an indicator of our commitment to investing in and improving the future earnings quality of the Company. Lupin has been consistently investing 7% to 8% of its overall net sales into its research and development efforts. We have also doubled the number of scientists working in R & D over the last three years. As revenues grow, Lupin would maintain its R&D spend at the current levels and would also focus on further developing its NDDD and Biotechnology programs to build new revenue drivers and increased competitive advantage in the future, specifically for our Advanced Markets Business.

A Strong Balance Sheet

I am pleased to inform you that the cash flows of the company are at its healthiest today, thanks to judicious, prudent financial planning and effective resource mobilization. The ability of the Company to raise credit remains unimpaired. Lupin's short-term debt program continues to receive the highest rating from ICRA.

Net operating working capital increased by 10% to ₹13,082 million as on 31st March 2011 as against ₹11,855 million on 31st March 2010, despite a 20% increase in net sales. This is an indicator of improved working capital management, reflecting working capital days reduction from 90 to 83 days to sales. Capital Expenditure stood at ₹4,808 million for the year. The Debt Equity Ratio improved to 0.22 as on 31st March 2011 compared to 0.37 as on 31st March 2010.

Capital Expenditure
(₹ million)



Internal Control Systems

Lupin globally has created a strong, rapidly scalable and flexible internal business controls and process framework that is flexible and dynamic to incorporate rapid increases in growth and complexity across existing and new business operations. Clearly defined business policies, code of conduct, processes and in-built checks and controls, supplement the internal control procedures. A well-established and empowered system of internal financial audits and automated control procedures, independently reviews the financial and operational controls for every aspect of our business. It also ensures flexibility in terms of process changes and enables any course correction, as and when required. The Company is constantly engaged in adopting the best financial guidelines and operational control systems, as per international practices and standards. The reputed firm of Chartered Accountants M/s Khimji Kunverji and Co. act as internal auditors and submit reports and updates to the Audit Committee of the Board, which reviews the same and provides direction and operational guidance on new processes to be implemented to further enhance the operational efficiencies within the Company.

Information Technology

During FY 2011, Lupin invested in upgrading its SAP and Business Intelligence (BI) platforms across all businesses. A key achievement was the rolling out and implementation of the SAP and BI platform upgrade at Lupin Pharmaceuticals Inc., our US subsidiary. With the new upgraded Enterprise Resource Planning system in place, the Company is well equipped to leverage its existing technology investments to ensure operational and transactional control over our global Supply Chain and ensure quality and compliance in manufacturing.

The company also procured and implemented a Global Learning Management system from SABA Software, the world leaders in learning and training management systems. Christened L2, the system would integrate over 4,000 global users across Lupin's manufacturing, supply chain, quality & compliance, regulatory and Research teams and act

as a universal learning platform with online training modules on current good manufacturing, quality and regulatory guidelines to ensure online compliance.

Risks Concerns & Threats

In our quest to be consistently progressive and increasingly profitable, Lupin has adopted prudent risk management measures and mechanisms to mitigate environmental, operational and business risks. The Company believes that it has created the requisite framework to handle varied economic, financial, geo-political and social risks and is continually evolving proactive strategies to counter them.

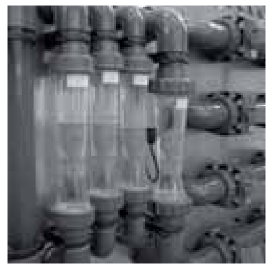
Price erosion within the global generic industry, specifically in the advanced markets has been a constant threat faced by all generic players. Our consistent investments in manufacturing and our strategy to remain a vertically integrated pharmaceutical business built around the Company's strengths in API and Intermediates will continue to be a critical differentiator and will play a crucial role in strengthening our competitive positioning for our global formulations business. Lupin would also continue to focus on value added products and niche therapy segments to grow and build value.

Lupin's current business goals and growth objectives have been well evaluated and we remain prudent in terms of outlays and budgets inspite of the fact that the Company is more than well positioned to raise debt easily and on the most competitive terms. The larger global economic and financial environment continues to have minimal impact to the Company's financial architecture. Currency fluctuations and foreign exchange risks have also been minimized because of internal forecasting mechanisms and a well planned currency hedging strategy.

Drug Price Control Order (DPCO) continues to be a challenge within the Indian pharmaceutical space. However, over the years, Lupin's basket of products and the chosen markets and segments it operates in, have meant that DPCO directives are becoming increasingly less material to the overall business of the Company.

Prudent procurement strategies and forecasting systems have helped the Company sustain its profitability, inspite of the adverse input price volatility. Over the years, the Company has gained experience and expertise in dealing with such volatility and has been able to mitigate its impact on the business.








Corporate Social Obligation

Being committed to our society, being obliged for what it has given us, is at the very heart, the very essence of Being Lupin.

Dr Desh Bandhu Gupta
Founder and Chairman
Lupin Limited

The Lupin Human Welfare & Research Foundation (LHWRF) was established more than two decades ago with a mission to assist those less fortunate in India.

We have ourselves, as Lupin, arisen from humble beginnings and are acutely aware of the economic, social and political gaps that exist within our communities and our nation. It is this backdrop that fuels our passion to contribute.

LHWRF has been successful in creating and undertaking a series of well-planned, sustainable and integrated rural development initiatives. Founded in 1988, we started with a few small rural development projects covering around 35 villages in Bharatpur District, Rajasthan. Since then, LHWRF has evolved as one of the largest NGOs and social development initiatives ever undertaken by a corporate in South Asia, touching the lives of over a million people across 2,200 villages in the states of Rajasthan, Madhya Pradesh, Maharashtra and Uttarakhand.

The Foundation continues its work on revitalizing, repositioning and recreating lives of the poorest of India's citizens. The main objective is to uplift families falling below the poverty line with a special focus on woman empowerment and education by creating sustainable and replicable social, economic and political development programs.

More than 100,000 families have so far been economically benefited through investments in agriculture, animal husbandry and rural industry activities. The overarching mission of LHWRF is to create a sustainable, replicable and scaleable model that can change India, which can be a benchmark for others to follow.

Handicrafts

Cottage Industry

LHWRF Kisan Mela

Being Committed

Treating a village as an economic unit of development, the main focus areas are:

- **Economic Development**
  - Agriculture and Forestry
  - Animal Husbandry and Dairy
  - Rural Industries and Micro-Finance
- **Social Development**
  - Health and Nutrition
  - Education
  - Women Empowerment
  - Special Programs on values, social evils, gender disparity
- **Infrastructure Development**
  - Construction of school buildings
  - Construction of village internal roads
  - Low cost houses
  - Water resources development
  - Low cost sanitation
  - Community halls

Looking Ahead

LHWRF is committed to bring the benefits of a knowledge-based economy to the poor. The Foundation is in the midst of capturing the lessons learnt by businesses to demonstrate that social benefits, business success and development go hand in hand. Significant programs are being planned to take the Foundation's reach much further than ever before and make this a collaborative, replicable model that other corporates and NGOs can follow. Through shared experience, we believe that we can be a catalyst for change that will have a lasting impact on the lives of India's poorest citizens and families.

Over the last two decades, we have built one of the largest social initiatives funded by a corporate in South Asia. We have also realized that we cannot be alone in our aim to alleviate poverty; to encourage inclusiveness and to achieve the larger goal of a better more equal society. We request all our stakeholders to explore more about LHWRF and to assist us in this endeavor. New India, we believe, is a promise for all those who live here. Serving India is how we started. And continuing to serve India is how we will learn and flourish.

LHWRF Education

Farmers at Harvest

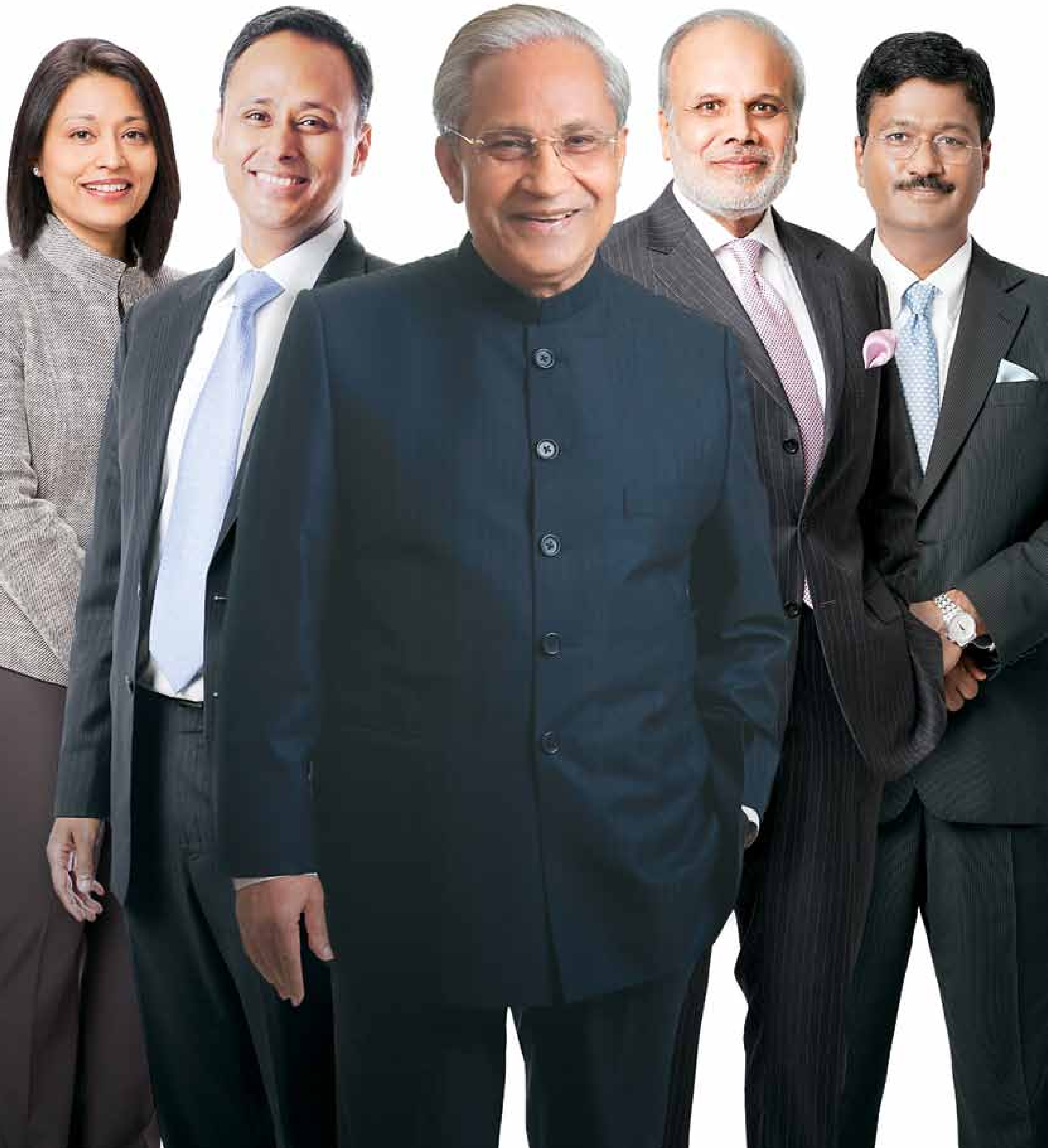
Bee Farm

Our Honey Brand

Dairy Farming

Bio Gas Plant

Mustard Farming



Being One

The heart of Lupin is its people. The art of Lupin lies in their ability to act as one; to trust in each other in the knowledge that we are an inclusive global team with a common objective. The science of Lupin is innovation in everything we do. Imagine a company harnessing these elements into a singular force for a better tomorrow. That's Lupin driving forward; Being One.

One Dream

It started as the dream of one man. And that dream is shared by everyone at Lupin; A dream to become the very best transnational pharmaceutical company in the world. From humble beginnings we have come far, but the journey is a quest not a destination. Dreams can change lives, change Destinies. We keep that dream alive, which empowers us all to reach out together across borders and over barriers with optimism for an ever brighter future.

One Vision

Visionary companies are significantly more successful over the long term. Employing and retaining the best people the industry has to offer is part of the journey. Empowering them to apply their experience and skills to a common vision has led Lupin to today; and will lead us fast forward into the future.

One Heritage

Our heritage was forged by hard work, tough decisions and creative solutions. Lessons, if learnt, strengthen resolve, improve performance and shape a corporate culture. Over our 40 year history we have developed a vault of knowledge that is open and shared. Our leadership team's primary role is to pass on these lessons throughout the organization and to support the individual thirst for collective and personal improvement.

One Passion

Passion is the force that makes dreams reality and drive visions into results. Without passion there would be no Lupin. Passion is the energy that makes us excel, that constantly seeks fineness and reaches out to touch everyone in our related business communities. Through sharing in this passion, we create an environment of joy and fulfillment at the workplace, a power that no amount of financial investment can replace.

One Goal

We believe in what we are doing. Not just in the results themselves but in how we achieve those results. We believe in serving each other, in serving our customers and serving the society that we thrive in. Transparency and responsibility means that we don't lose time on explanations, rather we spend time on our future. Our goal is simply to be the best.

Welcome to our future; Welcome to Lupin.

Five Year Financial Summary

CONSOLIDATED BALANCE SHEET

₹ in million

As at March 31	2007	2008	2009	2010	2011
SOURCES OF FUNDS					
Shareholders' funds					
Equity Share Capital	803.4	820.8	828.2	889.4	892.4
Reserves & Surplus	7,929.7	11,976.0	13,420.0	24,788.9	31,918.4
	8,733.1	12,796.8	14,248.2	25,678.3	32,810.8
Minority Interest [31.03.2007 ₹27/-]		94.5	142.5	254.9	515.1
Loan Funds					
Secured Loans	3,911.2	7,080.6	7,569.2	8,722.4	7,841.3
Unsecured Loans	4,736.4	4,948.2	4,663.5	2,676.1	3,782.8
	8,647.6	12,028.8	12,232.7	11,398.5	11,624.1
Deferred Tax Liabilities (net)	1,027.2	1,248.0	1,387.2	1,630.4	1,791.8
TOTAL	**18,407.9**	**26,168.1**	**28,010.6**	**38,962.1**	**46,741.8**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	9,527.9	14,858.8	18,200.3	22,937.1	26,388.5
Less : Depreciation and Amortisation	2,382.1	4,697.5	6,188.3	7,072.2	9,075.1
Net Block	7,145.8	10,161.3	12,012.0	15,864.9	17,313.4
Capital Work-in-Progress	825.5	963.8	2,239.7	3,578.7	5,312.2
	7,971.3	11,125.1	14,251.7	19,443.6	22,625.6
Goodwill on Consolidation	-	1,872.3	3,173.7	3,196.8	3,254.9
Investments	28.0	58.2	215.6	264.3	31.5
Deferred Tax Assets (net)	1.3	141.2	222.8	195.4	380.5
Current Assets, Loans & Advances					
Inventories	4,298.1	7,893.4	9,571.6	9,714.9	11,999.6
Sundry Debtors	4,038.5	7,439.0	9,179.7	11,265.7	12,558.2
Cash & Bank Balances	3,844.5	2,741.8	777.7	2,015.3	4,201.2
Loans & Advances	2,448.2	2,367.0	2,779.7	4,758.6	6,208.0
	14,629.3	20,441.2	22,308.7	27,754.5	34,967.0
Less: Current Liabilities & Provisions					
Current Liabilities	3,515.2	6,018.8	10,334.8	9,663.4	11,799.6
Provisions	706.8	1,451.1	1,827.1	2,229.1	2,718.1
	4,222.0	7,469.9	12,161.9	11,892.5	14,517.7
Net Current Assets	10,407.3	12,971.3	10,146.8	15,862.0	20,449.3
TOTAL	**18,407.9**	**26,168.1**	**28,010.6**	**38,962.1**	**46,741.8**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

₹ in million

Year ended March 31	2007	2008	2009	2010	2011
INCOME					
Sales (Gross)	21,949.0	29,007.4	38,428.9	48,009.5	57,421.7
Less : Excise Duty	579.4	666.4	479.0	273.2	353.5
Sales (net)	21,369.6	28,341.0	37,949.9	47,736.3	57,068.2
Other Operating Income	515.8	616.2	716.5	971.6	1,252.0
Other Income	242.2	171.0	46.1	142.0	89.0
Total Income	**22,127.6**	**29,128.2**	**38,712.5**	**48,849.9**	**58,409.2**
EXPENDITURE					
Cost of Materials / Goods	9,320.8	11,638.0	16,043.1	19,694.2	22,379.3
Personnel Expenses	2,199.9	3,076.0	4,871.3	5,871.5	7,677.0
Manufacturing and Other Expenses	5,694.1	7,991.2	10,359.2	13,303.3	16,353.3
Total Expenses	**17,214.8**	**22,705.2**	**31,273.6**	**38,869.0**	**46,409.6**
Profit before Interest, Depreciation and Tax	4,912.8	6,423.0	7,438.9	9,980.9	11,999.6
Interest and Finance Charges	372.2	373.5	498.6	384.9	324.6
Depreciation and Amortisation	466.1	647.4	879.9	1,239.1	1,711.8
Profit before Tax	4,074.5	5,402.1	6,060.4	8,356.9	9,963.2
Current Tax	779.6	1,022.6	727.0	1,109.8	1,195.8
Deferred Tax	128.5	180.6	106.2	250.4	(26.5)
Fringe Benefit Tax	80.0	114.8	149.8	-	-
Net Profit before Minority Interest and Share of Loss in Associates	3,086.4	4,084.1	5,077.4	6,996.7	8,793.9
Minority Interest	0.8	1.3	28.6	111.6	148.4
Share of Loss in Associates	-	0.3	33.4	68.8	20.0
Net Profit	**3,085.6**	**4,082.5**	**5,015.4**	**6,816.3**	**8,625.5**

Note : Figures for the previous years have been suitably regrouped to make them comparable.

Reports & Financials









Directors' Report

To the Members

Your Directors have pleasure in presenting their report on the business and operations of your Company for the year ended March 31, 2011.

Financial Results

(₹ in million)

	Standalone		Consolidated	
	2010-11	**2009-10**	**2010-11**	**2009-10**
Sales (Gross)	44616.0	36990.2	57421.7	48009.5
Profit before interest, depreciation and tax	9756.0	8186.1	11999.6	9980.9
Less: Interest and finance charges	256.9	283.8	324.6	384.9
Less: Depreciation and amortisation	1042.8	815.7	1711.8	1239.1
Profit before tax	8456.3	7086.6	9963.2	8356.9
Less: Provision for taxation (including wealth tax, deferred tax and fringe benefit tax)	356.5	597.3	1169.3	1360.2
Net Profit before Minority Interest and Share of loss in Associates	-	-	8793.9	6996.7
Less: Minority Interest and Share of loss in Associates	-	-	168.4	180.4
Net Profit	**8099.8**	**6489.3**	**8625.5**	**6816.3**
Add: Surplus brought forward from previous year	9945.1	6368.5	10521.8	6688.6
Less: Adjustment on account of amalgamation of subsidiaries	338.9	-	-	-
Less: Adjustment on account of amortisation of goodwill for previous year	-	-	43.6	-
Amount available for Appropriation	**17706.0**	**12857.8**	**19103.7**	**13504.9**
Appropriations:				
Transfer to General Reserve	1500.0	1500.0	1500.0	1500.0
Dividend on Ordinary Shares by an overseas subsidiary	-	-	80.6	60.6
Proposed dividend on Equity Shares	1338.6	1200.7	1338.6	1200.7
Dividend on Equity Shares for previous year	2.0	10.8	2.0	10.8
Corporate tax on dividend	217.5	201.2	236.4	211.0
Balance carried to Balance Sheet	14647.9	9945.1	15946.1	10521.8
	17706.0	**12857.8**	**19103.7**	**13504.9**

Performance Review

Your Company recorded an impressive growth by scaling newer heights and benchmarks in terms of sales and profits for the year ended March 31, 2011. Consolidated sales at ₹ 57421.7 million, were higher by 20% over ₹ 48009.5 million of the previous year. International markets accounted for 68% of the overall revenues. Net Profit at ₹ 8625.5 million as against ₹ 6816.3 million registered a growth of 27%. Earnings per share was higher at ₹ 19.36 as compared with ₹ 15.84 for the previous year.

Dividend

Your Directors are pleased to recommend dividend at ₹ 3/- per equity share of ₹ 2/- each, absorbing an amount of ₹ 1338.6 million. The corporate tax on dividend aggregates ₹ 217.2 million.

Sub-division of Shares

At the Twenty-Eighth Annual General Meeting held on July 28, 2010, the Shareholders approved the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each.

Share Capital

During the year, the paid-up equity share capital of your Company rose by ₹ 3.0 million consequent to:

a) allotment of 170691 equity shares of ₹ 10/- each to eligible employees under the 'Lupin Employees Stock Option Plan 2003', 'Lupin Employees Stock Option Plan 2005' and 'Lupin Subsidiary Employees Stock Option Plan 2005' prior to sub-division and

b) allotment of 628569 equity shares of ₹ 2/- each to eligible employees under the 'Lupin Employees Stock Option Plan 2003', 'Lupin Employees Stock Option Plan 2005' and 'Lupin Subsidiary Employees Stock Option Plan 2005' after sub-division.

Credit Rating

ICRA Limited reaffirmed its **"A1+"** (pronounced "A one plus") rating for your Company's short-term debt (including Commercial Paper) programme of ₹ 1000 million. This rating is the highest-credit-quality rating assigned by ICRA for such borrowings.

ICRA Limited reaffirmed its **"A1+"** (pronounced "A one plus") rating for your Company's Line of Credit of ₹ 11000 million by banks for Working Capital. This rating is the highest-credit-quality rating assigned by ICRA for such borrowings.

ICRA Limited assigned **"LAA+"** (pronounced "L Double A Plus") rating for your Company's Non-Convertible Debenture programme of ₹ 1000 million. This rating is the high-credit-quality rating assigned by ICRA for long-term debt instruments. The long-term rating has also been assigned a "stable" outlook.

Management Discussion & Analysis

A detailed Management Discussion and Analysis forms part of this Annual Report.

Subsidiary Companies

As on March 31, 2011, the Company had 18 subsidiaries.

Lupin Mexico SA de CV, Mexico was incorporated on August 23, 2010. Upon increase in the Company's stake in Generic Health Pty Ltd., (Generic), Australia, from 49.91% to 76.65%, Generic became a subsidiary of the Company on September 27, 2010. Consequently, Bellwether Pharma Pty Ltd., Australia, Generic Health Inc., U.S.A. and Max Pharma Pty Ltd., Australia, which were subsidiaries of Generic, became subsidiaries of the Company w.e.f. September 27, 2010. Lupin Philippines, Inc., Philippines and Lupin Healthcare Ltd., India, were incorporated on December 20, 2010 and March 17, 2011 respectively.

Information relating to performance/financials of the subsidiary companies are disclosed in the Consolidated Financial Statements. Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 forms part of this Annual Report.

Amalgamation

With a view to achieving synergies of operations, optimum utilisation of resources and control costs, the Board of Directors had decided to amalgamate Novodigm Ltd., Lupin Pharmacare Ltd. and Lupin Herbal Ltd. (wholly-owned subsidiaries of the Company) with the Company w.e.f. April 1, 2009 i.e. 'the Appointed Date'.

The Hon'ble High Court of Judicature at Bombay had, vide its Order dated January 8, 2010, sanctioned the scheme of amalgamation between Lupin Pharmacare Ltd. and Lupin Herbal Ltd. with the Company subject to the order to be passed by the Hon'ble High Court of Gujarat sanctioning the scheme of amalgamation between Novodigm Ltd. and the Company. The Hon'ble

High Court of Gujarat, vide its Order dated May 6, 2010, sanctioned the scheme of amalgamation between Novodigm Ltd. and the Company. Consequently, Novodigm Ltd., Lupin Pharmacare Ltd. and Lupin Herbal Ltd. stood amalgamated with the Company w.e.f. April 1, 2009.

Corporate Governance

Report on Corporate Governance forms an integral part of this Annual Report. The Auditors' certificate certifying compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement is also annexed to this Report.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 (Act), your Directors confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year ended March 31, 2011 and of the profit of your Company for that year;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

iv) the Directors had prepared the annual accounts on a 'going concern' basis.

Directors

Mr. Nilesh Gupta and Dr. K. U. Mada retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed by Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A'.

Fixed Deposits

Your Company has not accepted any fixed deposit during the year under review. No deposit was outstanding as on March 31, 2011. As on March 31, 2011, 76 deposits aggregating ₹ 0.8 million were lying unclaimed with the Company, of which four deposits aggregating ₹ 81,000/- have since been claimed/transferred to the Investor Education & Protection Fund. Reminders have been sent to the depositors concerned to claim repayment of their matured deposits.

Auditors

The Statutory Auditors of the Company, M/s. Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee and the Board recommend the re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of your Company.

M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, are the Internal Auditors of the Company.

Cost Auditors

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, Mr. S. D. Shenoy (Fellow Membership No.8318) and Mr. D. H. Zaveri, (Fellow Membership No.8971) practising Cost Accountants, were appointed to conduct audit of cost records of Bulk Drugs and Finished Dosages respectively for the year ended March 31, 2011. Cost Audit Reports would be submitted to the Central Government within the prescribed time.

Pursuant to Rule 5 of the Cost Audit Report Rules, Cost Audit Reports for Bulk Drugs and Finished Dosages for the year ended March 31, 2010 were filed with the Central Government on September 26, 2010.

Employees Stock Option Plans

Pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the details of stock options granted by the Company as on March 31, 2011 under 'Lupin Employees Stock Option Plan 2003', 'Lupin Employees Stock Option Plan 2005' and 'Lupin Subsidiary Companies Employees Stock Option Plan 2005' are set out in Annexure 'B' forming part of this Report.

During the year, the Board of Directors approved the 'Lupin Employees Stock Option Plan 2011' and 'Lupin Subsidiary Companies Employees Stock Option Plan 2011'. Shareholder approvals for these plans were obtained by way of Postal Ballot, the results of which were declared on May 10, 2011.

The Board also approved the 'Employees Stock Purchase Programme' and 'Stock Appreciation Rights Programme' for senior executives of the Company, the details of which are being worked out.

Human Resources

Great Places to Work Institute Inc. has ranked the Company amongst the 'Top 3' as a great place to work in pharma/healthcare companies in India. Your Company is of the firm opinion that efficiency of its employees plays a key role in achieving set goals and building a competitive work environment. The Company regularly conducts various programmes at different levels so as to ensure that a vibrant and motivated work-force leads to achievement of the defined goals. Employee relations continued to be harmonious and cordial at all levels and in all the units of the Company.

Particulars of Employees

Particulars of employees required to be furnished pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 (Act), read with Companies (Particulars of Employees) Amendment Rules, 2011, are given as an annexure to this Report. However, pursuant to the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to all the members excluding the aforesaid Annexure. Members, who are interested in the information, may write to the Company Secretary at the registered office of the Company.

Acknowledgements

Your Directors commend the hard work, dedication and contributions of all employees of your Company. They express their gratitude to the various departments of the Central and State governments, banks, financial institutions, analysts, investors, business associates and customers, the medical profession, suppliers and distributors for their continued support.

For and on behalf of the Board of Directors

Dr. Desh Bandhu Gupta
Chairman

Mumbai, May 12, 2011

Annexure 'A' to the Directors' Report

Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

i) Installed energy efficient dryer for thermal energy saving.
ii) Replaced direct steam purging by providing heating coil inside hot water pumps.
iii) Resized chilled water piping to reduce pressure losses.
iv) Resized header and network connection for optimum chilled water distribution.
v) Replaced centrifugal fans with axial flow fans.
vi) Replaced existing furnace oil fired Boilers with agro-based briquette fired ones.
vii) Installed condensing economiser to recover thermal energy from boiler.
viii) Voltage optimisation in lighting circuit.
ix) Reused water from water ring vaccum pumps.
x) Replaced water jet ejector system by two-stage water ring vaccum pumps.
xi) Replaced re-winded motors with EEF1 high efficiency ones.
xii) Used recovered flash steam for feed water heating.
xiii) Automated cooling tower fan with respect to outlet temperature.
xiv) Replaced desiccant air dryer with refrigerated ones.

b) Additional investments and proposals:

i) Install agro-based steam boilers.
ii) Install VFD for air compressor motors.
iii) Replace existing chilling plant condensers with new ones.
iv) Pump optimisation and use of VFD for constant pressure supply.
v) Install back pressure steam turbine to generate additional power.
vi) Replace ordinary boiler burners with energy-efficient imported ones.

c) Impact of measures in (a) & (b):

i) Reduction in fissile fuel consumption.
ii) Reduction in electrical distribution losses.
iii) Reduced power and water consumption.
iv) Distillation time reduced.
v) Reduction in pumping energy cost.
vi) Optimal utilisation of resources.

d) Total energy consumption and energy consumption per unit of production:

Details are given in Form A

FORM 'A'
(See Rule 2)
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Year ended March 31, 2011	Year ended March 31, 2010
A. POWER & FUEL CONSUMPTION			
1. Electricity			
a) Purchased Units	**Thousand KWH**	185695	138496
Total amount	**₹ in Mn.**	1043.4	732.6
Rate/unit (KWH)	₹	5.6	5.3
b) Own Generation			
i) Through Diesel Generator (HSD)			
Units	**Thousand KWH**	6945	4737
Units per litre of diesel oil	**KWH**	3.0	3.1
Cost/unit (KWH)	₹	13.3	12.2
ii) Through Generator (furnace oil)			
Units	**Thousand KWH**	5162	8205
Units per litre of furnace oil	**KWH**	4.0	4.3
Cost/unit (KWH)	₹	6.0	4.3
iii) Through Generator (gas)			
Units	**Thousand KWH**	19656	21235
Units per M3 of Natural gas	**KWH**	3.5	3.5
Cost/unit (KWH)	₹	5.5	4.7
2. Coal		Nil	Nil
3. i) Furnace oil (Boiler)			
Quantity	**KL**	15811	13270
Total amount	**₹ in Mn.**	417.4	294.5
Rate/unit (KL)	₹	26400	22196
ii) Furnace oil (Power Plant)			
Quantity	**KL**	-	1991
Total amount	**₹ in Mn.**	-	35.6
Rate/unit (KL)	₹	-	17862
4. i) Natural gas			
Quantity	**Cu. mts.**	14093322	12221028
Total amount	**₹ in Mn.**	243.1	166.6
Rate/unit (Cu. mt.)	₹	17.3	13.6
ii) Briquete (Boiler)			
Quantity	**MT**	164.4	-
Total amount	**₹ in Mn.**	0.7	-
Rate/unit (MT)	₹	4.3	-

B. CONSUMPTION PER UNIT OF PRODUCTION:

The Company manufactures APIs and several drug formulations of different pack sizes. It is therefore, impractical to apportion the consumption and cost of utilities to each product.

NOTE:

There are no specific standards, as the consumption per unit depends upon the product mix. Variations in consumption are due to different product mix.

B. TECHNOLOGY ABSORPTION:

e) Efforts made in technology absorption as per Form B are given below:

FORM 'B'
(See Rule 2)
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTI0N

Research and Development (R&D)

1) Specific areas in which R&D was carried out by the Company:

The year witnessed increased investments and sharper focus across the entire R&D value chain. Emphasis was on developing controlled release and exclusive, unique first-to-file filings. In order to support business growth and meet demand, a state-of-the-art pharma R&D centre was set-up at Aurangabad which commenced full scale operations. The Advanced Drug Delivery Systems (ADDS) program is a key focus area for the Company. The Company has developed a host of drug delivery platforms including Bio-adhesive and Gastro retentive technologies, taste masking etc. The year also saw addition of formulation development capabilities in new therapeutic areas such as asthma and dermatology. The Biotechnology Research Group commenced work on developing products in different therapeutic areas encompassing oncology and immunology. Lupin BioResearch Centre has state-of-the-art cGCP and cGLP facilities and successfully completed 68 full studies. On the Novel Drug Discovery and Development (NDDD) front, the Company has created a sophisticated infrastructure and acquired cutting-edge technologies with a pool of top notch talent. Development work has commenced on 10 research programs during the year. Biology, Chemistry and Animal Pharmacology laboratories commenced operations.

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

During the year, the Company filed 7 US DMFs taking the cumulative total to 111 and 4 EDMFs/COSs, featuring several unique and complex APIs. The pharmaceutical research group filed 21 Abbreviated New Drug Applications (ANDAs) with the US FDA. The cumulative number of ANDA filings with the US FDA stands at 148, with 48 approvals to date. The total cumulative filings within the EU stands at 91, with 44 total approvals received so far. Filings were also made in the new therapeutic area of Opthalmics in addition to expanding the number of filings for Oral Contraceptives to 26 ANDAs till date.The cumulative first-to-file and exclusive opportunities now stand at 20. During the year the Company filed 75 Formulations patents, 42 API / Process patents and 17 NCE patents.

3) Future plan of action:

The Company's vision and efforts have always been focussed on developing, discovering and commercialising novel drugs to address disease areas with significant unmet medical need. The Company plans to launch its first Biological in the Indian market by next year pending approvals from regulatory authorities and is exploring strategic partnerships and collaborative arrangements for new biological formulations and biological entities globally. The Company seeks to license its ADDS platforms to other pharma majors while developing niche branded products at the same time.

4) Expenditure on R&D (Consolidated):

a. Capital	₹ 641. 4 Mn.
b. Recurring (excluding depreciation of ₹ 174.7 Mn.)	₹ 4659. 5 Mn.
c. Total	₹ 5300. 9 Mn.
d. Total R&D expenditure as a percentage of net sales	9. 3%

Technology absorption, adaptation and innovation:

i) Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company's vision has been to evolve as a global leader by developing, discovering and commercializing technologies and novel drugs that are being developed under the aegis of its R&D programs. Research teams and the Intellectual Property Management Group work in conjunction with the corporate strategy and business development teams to identify well differentiated new therapy areas and this has resulted in the creation of a value based product pipeline involving niche difficult-to-replicate complex products. As the Company continues to explore new areas of research, it continues to focus on adopting and integrating latest innovations and technologies to ensure that it remains a knowledge-based, technology driven research organisation.

ii) Benefits derived as a result of the above efforts:

The Company registered secular growth across all markets by leveraging its R&D strengths to develop cost-effective unique products. The Company has today emerged as the 5th largest and the fastest growing top 10 Generic player in the US, the only Indian company to ever do so. The Company also recorded double digit growth in all its markets of interest.

iii) Imported technology:

During the year, the Company did not import any specific technology. The Company developed technology through efforts of its in-house Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

f) Information regarding exports activities and related matters is covered elsewhere in this Annual Report.

g) Earnings in foreign exchange was equivalent to ₹ 26546.2 Mn. and expenditure ₹ 9982.1 Mn.

For and on behalf of the Board of Directors

Dr. Desh Bandhu Gupta
Chairman

Mumbai, May 12, 2011

Annexure 'B' to the Directors' Report

DETAILS OF STOCK OPTIONS AS ON MARCH 31, 2011

In terms of Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of options as on March 31, 2011 are as under :

No.	Description	Details	
a)	Options granted during the year	**Plan**	**No. of options**
		ESOP 2003	222500
		ESOP 2005	235000
		SESOP 2005	100000
		Total	**557500**
b)	The pricing formula	• Exercise price for 507500 options is the market price of the shares, as defined under the SEBI Guidelines. • Exercise price for 50000 options is 50% of the market price of the shares, as defined under the SEBI Guidelines.	
c)	Options vested during the year	**Plan**	**No. of options**
		ESOP 2003	117500
		ESOP 2005	885535
		SESOP 2005	184467
		Total	**1187502**
d)	Options exercised during the year	**Plan**	**No. of options**
		ESOP 2003	414505
		ESOP 2005	845405
		SESOP 2005	222114
		Total	**1482024**
e)	Total number of shares arising as result of exercise of options	**Plan**	**No. of options**
		ESOP 2003	414505
		ESOP 2005	845405
		SESOP 2005	222114
		Total	**1482024**
f)	Options lapsed during the year	Lapsed on account of resignation of employees: • 46250 options under ESOP 2003 • 38505 options under ESOP 2005 • 89000 options under SESOP 2005	
g)	Variation of terms of options	There has been no variation in terms of the options granted during the year, from those approved by the shareholders.	
h)	Money realised by exercise of options	• ₹ 36507589 under ESOP 2003 • ₹ 79557685 under ESOP 2005 • ₹ 21432576 under SESOP 2005	
i)	Total no. of options in force	• 1303850 options under ESOP 2003 • 1535600 options under ESOP 2005 • 548136 options under SESOP 2005	
j)	Employee-wise details of options granted to i. Senior Managerial Personnel		

Sr. No.	Names	No. of Options	Plan
1.	Dr. Kamal K.Sharma	50000	ESOP 2005
2.	Dr. Cyrus Karkaria	50000	ESOP 2003
3.	Mr. Paul McGarty	100000	SESOP 2005

	ii. Employees to whom options granted amounting to 5% or more, of the total options granted during the year	1. Mr. Amit Sule — 32500 — ESOP 2003 2. Mr. Vishwajit Bhide — 32500 — ESOP 2003 3. Mrs. Sunita Sule — 32500 — ESOP 2003 4. Mr. S. Kuppuswamy — 25000 — ESOP 2003 5. Mr. A. Mohan — 25000 — ESOP 2003 6. Mr. Pramod Dahibhate — 25000 — ESOP 2003 7. Dr. Cyrus Karkaria — 50000 — ESOP 2003 8. Mr. Venkat Palle — 40000 — ESOP 2005 9. Mr. Mayur Danait — 40000 — ESOP 2005 10. Mr. Ratish Trehan — 40000 — ESOP 2005 11. Mr. Munish Talwar — 32500 — ESOP 2005 12. Mr. Vishwajit Dhamnaskar — 32500 — ESOP 2005 13. Dr. Kamal K. Sharma — 50000 — ESOP 2005 14. Mr. Paul McGarty — 100000 — SESOP 2005
	iii. Employees to whom options equal to or exceeding 1% of the issued capital have been granted during the year	Nil
k)	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of options during the year and ESOPs outstanding as on 31.03.2011, calculated in accordance with Accounting Standard (AS) 20 'Earnings per share'	₹ 18.07
l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company	Adjusted EPS: - Basic : ₹ 17.98 - Diluted : ₹ 17.88
m)	Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price of options granted during the year whose :- a. Exercise price equals market price: ₹ 373.00 b. Exercise price is greater than market price: N.A. c. Exercise price is less than the market price: ₹ 226.65 Weighted average fair value of options granted during the year whose :- a. Exercise price equals market price: ₹ 173.53 b. Exercise price is greater than market price: N.A. c. Exercise price is less than the market price: ₹ 291.17
n)	Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information : • Fair value calculated by using Black-Scholes option pricing formula. • Stock price: The closing price on NSE as on the date of grant has been considered for valuing the options granted. • Volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options. • Risk free rate of return: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities. • Time to Maturity: Time to Maturity / Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised. • Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the four financial year preceding the date of the grant.	

Variables	**Weighted Average Information**				
Plan	ESOP 2003	ESOP 2003	ESOP 2005	ESOP 2005	SESOP 2005
Grant date	23.08.10	17.03.11	23.08.10	13.12.10	23.08.10
Risk free rate (%)	7.90	7.94	7.90	7.93	7.89
Expected life (years)	6.45	6.25	6.45	5.50	6.35
Volatility (%)	37.64	36.81	37.64	36.67	37.52
Dividend yield (%)	1.36	1.36	1.36	1.36	1.36
Stock price (NSE closing rate) ₹	374.92	392.45	374.92	460.60	374.92
Option Fair Value ₹	**173.54**	**176.53**	**173.54**	**291.17**	**172.01**

Corporate Governance Report

1 Company's Philosophy on Corporate Governance:

Your Company is committed to achieve and maintain highest standards of corporate governance on a sustained basis so as to be an exemplary corporate citizen. It believes that corporate governance is not a destination but a continuous journey with an upward moving target. It firmly believes that good corporate governance does not mean a mere drafting a code of corporate governance but practising it in the true spirit. The Company ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness, trusteeship and accountability. Its actions are aligned and resources leveraged with a view to become one of the most valued and respected companies. The Company has laid a strong foundation for corporate governance by constituting a Board with a balanced mix of experts of eminence and integrity and inducted competent professionals across the organization.

All mandatory requirements as also a few non-mandatory requirements prescribed by Clause 49 of the Listing Agreement have been implemented by the Company. Non-mandatory requirements such as formation of Remuneration Committee and Whistle Blower Policy have been implemented. Codes of business conduct, adopted by the directors and senior management personnel, are posted on the website of the Company (www.lupinworld.com).

All board members and senior management personnel have affirmed compliance with the respective codes of conduct for the year ended March 31, 2011. In terms of Clause 49 (I) (D) of the Listing Agreement, the Managing Director has given the requisite declaration to this effect. In terms of Clause 49 (V) of the Listing Agreement, the Managing Director and President - Finance & Planning have given the requisite certification to the Board of Directors in the prescribed format for the period under review.

The Company implemented the Whistle Blower Policy across the Company and its subsidiaries. Under this policy, employees, irrespective of their level in the organization and without any fear of victimization and unfair treatment can raise their concerns or highlight issues regarding unethical behaviour, discriminative or gender-biased conduct, fraudulent business practices or violation of the Company's Code of Conduct. The policy is communicated to employees through the intranet portal. The message is also prominently displayed through illustrative posters across the premises of the Company. Issues raised were addressed and satisfactorily resolved by the 'Office of the Ombudsperson', which comprised two senior executives of the Company and an Executive Director.

The Company has sound systems of internal checks and controls, which are regularly evaluated and updated. A comprehensive risk management policy is in place, wherein key risk elements are discussed at top management meetings; risks are rated and assessed in terms of probability and its consequences on the Company's business. Risks are identified after conducting interviews, organizing interactive sessions as also workshops at different levels across various locations. The system monitors risks, effectiveness in operations and compliance with applicable laws that are in conformity with business processes. For the year ended March 31, 2011, there were no audit qualifications in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

A detailed Management Discussion and Analysis report forms part of this Annual Report.

2 Board of Directors:

The strength of the Board as on March 31, 2011 was eleven, of which, three are executive promoter directors, one is a non-executive promoter director, one is an executive director and six are independent directors. The requisite particulars are given below: -

Sl. No.	Name of the director	Whether Promoter/ Executive/ Independent	No. of Board Meetings during the year		Attendance at the last AGM	Number of directorships of other companies	Member/ Chairman of committees other than the Company
			Held	Attended			
1.	Dr. Desh Bandhu Gupta, *Chairman*	P. & E.D.	4	4	Yes	7	-
2.	Dr. Kamal K. Sharma, *Managing Director*	E.D.	4	4	Yes	8	-
3.	Mrs. M. D. Gupta, *Executive Director*	P. & E.D.	4	4	Yes	7	-
4.	Mrs. Vinita Gupta	P. & N-E.D.	4	4	Yes	2	-
5.	Mr. Nilesh Gupta, *Executive Director*	P. & E.D.	4	4	Yes	5	-
6.	Mr. K. V. Kamath	I. N-E.D.	4	4	Yes	4	2/-
7.	Dr. Vijay Kelkar	I. N-E.D.	4	3	Yes	8	2/-
8.	Mr. R. A. Shah	I. N-E.D.	4	4	Yes	22	10/5
9.	Mr. Richard Zahn	I. N-E.D.	4	3	Yes	1	-
10.	Dr. K. U. Mada	I. N-E.D.	4	4	Yes	3	5/2
11	Mr. D. K. Contractor	I. N-E.D.	4	4	Yes	6	2/-

Notes:

a) P. & E.D.: Promoter & Executive Director; E.D.: Executive Director; P. & N-E.D.: Promoter & Non-Executive Director; I. N-E.D.: Independent Non-Executive Director.

b) In the case of Mr. R. A. Shah, directorships include a foreign company, private limited company and six Alternate directorships of public limited companies.

c) Mrs. M. D. Gupta is the wife of Dr. Desh Bandhu Gupta, Mrs. Vinita Gupta their daughter and Mr. Nilesh Gupta their son.

d) Membership/Chairmanship of Committees includes only those of the Audit Committee and the Investors' Grievances Committee.

Board Meetings

The Board of Directors oversees management performance in order to ensure adherence to highest standards of corporate governance. The Board evaluates the strategic direction, management policies and their effectiveness and provides guidance and leadership to the management in achieving set goals. Board meeting dates are finalised in consultation with all directors and agenda papers accompanied by comprehensive notes providing detailed information are circulated in advance. This enables the Board to take informed decisions and discharge its functions efficiently. The Board is regularly apprised about important business-related information and developments. Board members express opinions and bring up matters for discussion at its meetings. Board meeting minutes are circulated to all Directors in advance and confirmed at the subsequent Board meeting. Copies of signed minutes of the various Committees of the Board and Board meetings of subsidiaries of the Company are tabled at Board meetings.

Details of Board Meetings

In compliance with the provisions of Clause 49 of the Listing Agreement, the Board meetings are held atleast once every quarter and the time gap between two meetings is not more than four months. During the year, four Board Meetings were held on May 5, 2010, July 28, 2010, November 1, 2010 and January 27, 2011. The Board passed by circulation seven resolutions dated September 25, 2010 (two resolutions), February 1, 2011 (one resolution) and March 9, 2011 (four resolutions).

Remuneration to Executive Directors

	Remuneration during 2010-11 (₹ million)			
Particulars of Remuneration	Dr. Desh Bandhu Gupta, *Chairman*	Dr. Kamal K. Sharma, *Managing Director*	Mrs. M. D. Gupta, *Executive Director*	Mr. Nilesh Gupta, *Executive Director*
Fixed Component:				
Salary	19.47	39.60	2.34	22.79
Benefits / Allowances	3.11	1.22	0.31	0.45
Provident Fund / Superannuation	3.16	6.20	0.48	4.23
Variable Component:				
Performance-Linked Incentive	-	28.44	-	17.28
Commission [Note (b)]	88.00	-	-	-
Stock Options	-	7.04	-	-
Total:	**113.74**	**82.50**	**3.13**	**44.75**

Remuneration to Non-Executive Directors

Sl. No.	Name of the director	No. of equity Shares held	Remuneration during 2010-11 (₹ million)		
			Sitting Fees	Commission [Note (c)]	Total
1.	Mrs. Vinita Gupta	51600	0.08	-	0.08
2.	Mr. K. V. Kamath	Nil	0.08	3.00	3.08
3.	Dr. Vijay Kelkar	Nil	0.06	3.00	3.06
4.	Mr. R. A. Shah	15000	0.11	3.00	3.11
5.	Mr. Richard Zahn	Nil	0.06	1.90	1.96
6.	Dr. K. U. Mada	3000	0.27	1.50	1.77
7.	Mr. D. K. Contractor	13300	0.25	0.75	1.00

Notes:

a) Dr. Desh Bandhu Gupta, Chairman, Dr. Kamal K. Sharma, Managing Director, Mrs. M. D. Gupta, Executive Director and Mr. Nilesh Gupta, Executive Director, are in whole-time employment of the Company and their employment is contractual in nature. Dr. Gupta and Mrs. Gupta were re-appointed as Chairman and Executive Director respectively for a period of five years w.e.f. January 1, 2011. Dr. Desh Bandhu Gupta and Mrs. M. D. Gupta hold office up to December 31, 2015, Dr. Sharma holds office up to September 28, 2012 and Mr. Nilesh Gupta holds office up to October 7, 2013.

b) Dr. Desh Bandhu Gupta is entitled to a commission @ 1% of the net profit, calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.

c) The members vide a Special Resolution by postal ballot, the result of which was announced on December 21, 2010, approving payment of commission to non-executive directors, not exceeding in the aggregate 0.5% p.a. of the Company's net profit, computed in the manner laid down by the provisions of Sections 198, 349 and 350 and other applicable provisions, if any, of the Companies Act, 1956, for a period of five years commencing from April 1, 2010. The Board decides upon the eligibility criteria and the quantum of commission payable to each non-executive director. An amount of ₹ 13.15 million has been provided towards commission payable to non-executive directors for the year 2010-11.

d) On December 13, 2010, 50,000 stock options were granted to Dr. Kamal K. Sharma at an exercise price of ₹ 226.65 (being 50% of the market price) under the "Lupin Employees Stock Option Plan 2005". The vesting period of the options is 12 months and the same are exercisable within ten years from the date of the grant.

e) During the year, Crawford Bayley & Co., Solicitors & Advocates, of which Mr. R. A. Shah, non-executive director, is a senior partner, was paid professional fees aggregating ₹1.23 million, which constitute less than one percent of the total revenues of the firm and an insignificant fraction of the Company's turnover. The Company has taken a legal opinion on the subject confirming that the said firm does not have a material association with the Company and payment of the fees is not material enough to impinge on the independence of Mr. Shah.

Brief profiles, other directorships and committee memberships etc. of directors seeking re-appointment at the 29th Annual General Meeting:-

Mr. Nilesh Gupta

Mr. Nilesh Gupta is a chemical engineer from UDCT, Mumbai and a graduate with honours from the Wharton School, U.S.A. specialising in healthcare, strategic management and finance. His diverse portfolio includes Intellectual Property, Strategy & Management, Research & Development, Projects, Manufacturing, QA and Supply Chain Management. He demonstrated exemplary performance in integrating and leading this diversified portfolio and ably contributing to the growth and profitability of the Advanced markets (US & EU) in particular and the Company in general. Mr. Nilesh directed the IP strategy of the Company towards achieving niche position for the chosen products. This approach enabled the Company in achieving sustainable revenue/profit. Under his leadership, the team ensured flawless and immaculately timed launches of several products in the international market. He is a sound business leader and team builder.

List of other directorships	Chairman/Member of the Committees of the Board of the companies on which he is a director
Lupin International Pvt. Ltd., *Director* Lupin Performance Chemical Ltd., *Director* Rahas Investments Pvt. Ltd., *Director* Zyma Laboratories Ltd., *Director* Kyowa Pharmaceutical Industry Co. Ltd., Japan, *Director*	-

Dr. K. U. Mada

Dr. K. U. Mada is an eminent economist and development banker. He holds a Ph.D. degree in Economics from the University of Mumbai. Dr. Mada has also received a certificate in financial management from the Jamnalal Bajaj Institute of Management Studies, Mumbai. He taught Economics at Jai Hind College, Mumbai, for six years before joining the Reserve Bank of India in 1965. Later on he moved to the Industrial Development Bank of India (IDBI) where he worked in several senior capacities, including as Executive Director for over three years. He was Chairman/Member of a number of committees constituted by IDBI/other financial institutions and Government of India. Dr. Mada has written books, including 'A Journey Through Development Banking (2005)' and also published articles in well-known journals. Dr. Mada represented IDBI as Speaker/participant at several national and international conferences/ seminars on economic, corporate and institutional affairs. He was also a visiting faculty at management institutes. He was on the Board of Governance of the Management Development Institute, Gurgaon, for ten years.

List of other directorships	Chairman/Member of the Committees of the Board of the companies on which he is a director
Hotel Leelaventure Ltd., *Director* Tamilnadu Petroproducts Ltd., *Director* PCI Ltd., *Director*	Hotel Leelaventure Ltd., *Member of Audit Committee and Chairman of Investors' Grievances Committee.* Tamilnadu Petroproducts Ltd., *Member of Audit Committee.* PCI Ltd., *Member of Audit Committee and Chairman of Investors' Grievances Committee.*

3 Audit Committee:

The Audit Committee comprises Dr. K. U. Mada (Chairman) and Mr. D. K. Contractor, independent directors, and Dr. Kamal K. Sharma, Managing Director. Mr. R. V. Satam, Company Secretary & Compliance Officer, acts as the Secretary of the Committee. All the members of the Audit Committee are financially literate. While Dr. Mada is an eminent economist and development banker, Mr. Contractor retired as Executive Director, Central Bank of India. The Chairman of the Committee attended the last Annual General Meeting of the Company held on July 28, 2010. The meetings of the Audit Committee are attended by the finance head, representatives of accounts, statutory, internal and cost auditors. The Audit Committee addresses matters pertaining to appropriateness of audit tests and checks, reliability of financial statements, adequacy of provisions for liabilities and internal controls. The Committee acts as a link between the statutory auditors, internal and cost auditors. The Committee lays emphasis on adequate disclosures and compliance with all relevant statues.

The Committee performs the functions enumerated in Clause 49 of the Listing Agreement, Section 292A of the Companies Act, 1956 and duties cast upon from time to time by the Ministry of Corporate Affairs through its circulars and notifications. The matters deliberated upon by the Committee include:-

1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2) Recommending to the Board, the appointment of statutory auditors, fixation of audit fees and approval of payments for any other services rendered by them.
3) Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval with particular reference to: -
   a) matters required to be included in the Directors' Responsibility Statement in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
   b) changes, if any, in accounting policies and practices and reasons for the same;
   c) major accounting entries involving estimates based on the exercise of judgment by management;
   d) significant adjustments made in the financial statements arising out of audit findings;
   e) compliance with listing and other legal requirements relating to financial statements;
   f) disclosure of related party transactions; and
   g) qualifications in the draft audit report, if any.
4) Reviewing the financial statements of subsidiary companies as also the consolidated financial statements including investments made by the subsidiary companies.
5) Reviewing with the management, the performance of statutory and internal auditors and adequacy of the internal control systems.
6) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, it's staffing, reporting structure, coverage and frequency of audits.
7) Discussion with the internal auditors significant findings and follow-up thereon.
8) Reviewing the findings of internal auditors and reporting them to the Board.
9) Discussion with statutory auditors before the audit commences about the nature and scope of audit as also post-audit discussion to ascertain areas of concern.
10) Look into the reasons for any defaults in the payment to depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors.
11) Review the functioning of the Whistle Blower mechanism.

12) Review and discuss with the management the status and implications of major legal cases.

13) Recommend to the Board, the appointment of a Cost Accountant within the meaning of the Cost & Works Accountants Act, 1959 to conduct audit of cost records of the Company in compliance with the provisions of the Companies Act, 1956 and rules made thereunder.

14) Carrying out such other functions as may be mentioned in the terms of reference of the Audit Committee.

In addition, the Committee reviews the management discussion and analysis, statements of significant related party transactions, management letters etc.

Details of Audit Committee Meetings

During the year, six meetings of the Audit Committee were held on May 5, 2010, July 28, 2010, September 25, 2010, November 1, 2010, January 27, 2011 and March 3, 2011 and the attendance was as follows:-

Sl. No.	Name of the Director	No. of Meetings	
		Held	Attended
a.	Dr. K. U. Mada, *Chairman*	6	6
b.	Mr. D. K. Contractor	6	6
c.	Dr. Kamal K. Sharma	6	1

4 Investors' Grievances Committee:

The Investors' Grievances Committee comprises two independent non-executive directors, namely Mr. D. K. Contractor, Chairman and Dr. K. U. Mada. Mr. R. V. Satam, Company Secretary & Compliance Officer, acts as the Secretary of the Committee. Meetings of the Investors' Grievances Committee are also attended by the finance head and head of Investors' Services Department.

The Committee oversees functioning of the Investors' Services Department covering all facets of the operations including transfer of shares in physical form, dematerialisation of shares and activities related to dividend and depository operations. The Committee also closely monitors investor grievance redressal system of the department.

Your Company received and resolved 37 complaints from shareholders during the year. As on March 31, 2011, no complaints remained pending/un-attended and no share transfers remained pending for over 30 days, during the year.

Details of the Investors' Grievances Committee Meetings

During the year, two meetings of the Investors' Grievances Committee were held on October 15, 2010 and March 3, 2011 and the attendance was as under:-

Sl. No.	Name of the Director	No. of Meetings	
		Held	Attended
a.	Mr. D. K. Contractor, *Chairman*	2	2
b.	Dr. K. U. Mada	2	2

5 Remuneration Committee:

The Remuneration Committee comprises Dr. K. U. Mada (Chairman) and Mr. R. A. Shah, independent directors. The Committee performs functions enumerated in Clause 49 of the Listing Agreement as also Schedule XIII of the Companies Act, 1956. The Committee reviews and recommends to the Board the remuneration payable to executive directors. The Committee recommends the remuneration package after considering factors such as experience, expertise, position, responsibilities to be shouldered by the individual, leadership qualities, the volume of Company's business and profits earned by it. The Company has formulated employees stock option plans in order to attract, reward and retain talented and qualified personnel and create a sense of belonging among them. The Committee approves granting of stock options to employees of the Company as also its subsidiaries.

Details of the Remuneration Committee Meetings

During the year, three meetings of the Remuneration Committee were held on August 23, 2010, October 27, 2010 and February 9, 2011, the attendance was as under:-

Sl. No.	Name of the Director	No. of Meetings	
		Held	Attended
a.	Dr. K. U. Mada, *Chairman*	3	3
b.	Mr. R. A. Shah	3	3

The Committee passed by circulation two resolutions dated December 13, 2010 and March 17, 2011.

6 General Body Meetings:

Details of the last three Annual General Meetings:-

Year	Day, Date and Time	Location	No. of Special Resolutions passed
2007 - 08	Tuesday, July 22, 2008 at 2.30 p.m.	Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050	-
2008 - 09	Wednesday, July 29, 2009 at 2.30 p.m.	Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050	One
2009 - 10	Wednesday, July 28, 2010 at 2.30 p.m.	Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050	-

No business was required to be transacted through postal ballot at the above meetings. Similarly, no business is required to be transacted through postal ballot at the forthcoming Annual General Meeting.

The following resolutions were passed by postal ballot:-

i) A Special resolution with a majority of 99.99% for the re-appointment of Dr. Desh Bandhu Gupta, as Chairman of the Company, for a period of five years w.e.f. January 1, 2011 and approve the remuneration payable to him.

ii) An Ordinary resolution with a majority of 99.98% for the re-appointment of Mrs. M. D. Gupta, as Executive Director of the Company, for a period of five years w.e.f. January 1, 2011 and approve the remuneration payable to her.

iii) A Special resolution with a majority of 99.97% for payment of commission to non-executive directors for a period of five year w.e.f. April 1, 2010.

iv) A Special resolution with a majority of 99.86% for approval of the 'Lupin Employees Stock Option Plan 2011' and

v) A Special resolution with a majority of 99.86% for approval of the 'Lupin Subsidiary Companies Employees Stock Option Plan 2011'.

Ms. Neena Bhatia, practising Company Secretary, acted as the Scrutiniser for conducting the ballots. Procedure prescribed by Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 were followed for conducting the said ballots. Postal ballot forms with full particulars of shareholders duly printed thereon were sent in a self-addressed postage pre-paid envelope together with the notice and explanatory statement specifying the resolutions proposed to be passed by postal ballot. Shareholders were requested to return the duly completed postal ballot forms to the Scrutiniser within the prescribed time. Postal ballot forms received from shareholders were duly numbered, segregated and scrutinized by the Scrutiniser whose detailed report on the results were handed over to the Chairman of the Company who announced the results. Results of the postal ballot were displayed on the notice board of the registered office of the Company, published in the newspaper and hoisted on the Company's website.

7 Disclosure on materially significant related party transactions:

During the year under review, there were no materially significant related party transactions between the Company and its promoters, directors, management or their relatives, etc. which may have potential conflict with the interests of the Company. Statements of transactions in summary form with related parties in the ordinary course of business and material individual transactions with related parties, which were not in the normal course of business, were placed at meetings of the Audit Committee. The Audit Committee reviews statements of related party transactions submitted by the management. Details of transactions in which Directors are interested are recorded in the Register of Contracts maintained pursuant to the provisions of Section 301 of the Companies Act, 1956 and the same is placed at Board meetings and is signed by the Directors present. During the year under review, Crawford Bayley & Co., Solicitors & Advocates (of which Mr. R. A. Shah, is a senior partner) was paid ₹ 1.23 million towards professional fees. Apart from sitting fees, commission and professional fees, there is no pecuniary transaction with the non-executive directors of the Company. In compliance with Accounting Standard AS 18, details of related party transactions are disclosed in the notes to accounts that form part of the balance sheet and profit and loss account.

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

8 Means of communication:

Quarterly and annual financial results of the Company are submitted to the stock exchanges immediately after the Board approves them. Thereafter, the same are published in prominent English (The Economic Times, all editions) and Marathi (Maharashtra Times, Mumbai edition) newspapers. The results are also posted on the Company's website viz. www.lupinworld.com and on the Corp filing website as mandated by SEBI. The Company's website also displays official news releases and presentations made to institutional investors and analysts. Disclosures pursuant to various clauses of the Listing Agreement are promptly communicated to the stock exchanges.

9 General Members' information:

❖ ***INVESTORS' SERVICES DEPARTMENT - AT THE SERVICE OF THE ESTEEMED SHAREOWNERS***

Your Company accords top priority to serve investors, who are its perpetual partners. The full-fledged Investors' Services Department (ISD) comprising experienced and committed employees, endeavours to provide services benchmarked to the highest standards.

The department has established direct connectivity with both the depositories viz; the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and is equipped with state of the art hardware infrastructure, investor service oriented software and advanced communication systems ensuring reliability, security and integrity of vital and voluminous data base.

The entire gamut of services to shareowner, both in physical and demat form, is provided by the ISD, which includes:

- Transfer and transmission of shares
- Dematerialisation / rematerialisation of shares
- Regulatory compliances pertaining to shares
- Redressal of investor grievances
- Issuance of duplicate share certificates
- Execution of corporate actions and other depository operations
- Adherence to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992
- Disbursement of dividend and reminders to claim the unpaid dividend
- Allotment of shares and listing thereof on the stock exchanges
- Liaison with stock exchanges, depositories and other regulatory bodies
- Implementation of ESOPs
- Continual updation of share-related data on the Company's official website
- Transfer of unclaimed amount to Investor Education and Protection Fund (IEPF)
- Management of postal ballots
- Activities related to sub-division of the face value of shares etc.

The ISD is dedicated to its investors, thereby building enduring relationships through service.

Investors can approach the ISD for any query or assistance through letter, telephone, fax, email or in-person at the Registered Office of the Company located at:

- 159, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098. India.
  Tel: +91 22 6640 2323 (Ext: 2402/3)
  Fax: +91 22 2652 8806

For the convenience of investors, a link at the Company's website www.lupinworld.com has also been established to the ISD.

Exclusive email id for investor grievances

Pursuant to Clause 47 (f) of the Listing Agreement, the following email id has been exclusively designated for communicating investor grievances:
investorservices@lupinpharma.com

- Person in-charge of the Department: Mr. Pradeep Bhagwat, General Manager - Investors' Services.

❖ ***ANNUAL GENERAL MEETING***

The 29th Annual General Meeting will be held at 2.30 p.m. on Wednesday, July 27, 2011, at Rang Sharda Natyamandir, Bandra Reclamation, Bandra (West), Mumbai - 400 050.

❖ ***FINANCIAL CALENDAR***

First quarter results	:	July/August 2011
Second quarter results	:	October/November 2011
Third quarter results	:	January/February 2012
Annual results	:	April/May 2012
Annual General Meeting	:	July/August 2012

❖ ***BOOK CLOSURE***

The Register of Members and the Share Transfer Register will remain closed from Wednesday, July 20, 2011 to Wednesday, July 27, 2011, (both days inclusive).

Dividend for the year ended March 31, 2011, if declared, at the Annual General Meeting, shall be paid to:

a) Beneficial owners at the end of business day on Tuesday, July 19, 2011 as per lists furnished by NSDL and CDSL in respect of shares held in electronic form; and

b) Persons whose names appear on the Register of Members as at the end of the business day on Tuesday, July 19, 2011 in respect of shares held in physical form.

❖ ***DIVIDEND PAYMENT DATE***

Dividend, if declared, shall be paid within three working days from the date of the Annual General Meeting. Dividend shall be remitted through National Electronic Clearing Service (NECS), wherever bank details including MICR no. are available with the Company, and in other cases, through warrants, payable at par.

❖ ***SHARES LISTED AT***

The equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai Samachar Marg,
Mumbai - 400 001.

National Stock Exchange of India Limited (NSE)
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051.

Annual Listing fees for the year 2011-12 have been paid to stock exchanges. The Company has also paid the Annual Custodial fees to both the depositories.

❖ ***STOCK CODES***

The stock codes of the Company are:
BSE **500257**
NSE **LUPIN**

❖ ***INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)***

ISIN is a unique identification number allotted to dematerialised scrip. The ISIN has to be quoted in each transaction relating to dematerialised shares of the Company. The ISIN of the equity shares of the Company is **INE 326A 01037**.

❖ ***CORPORATE IDENTITY NUMBER (CIN)***

CIN of the Company, allotted by the Ministry of Corporate Affairs, Government of India: **L24100MH1983PLC029442**.

❖ ***SUB-DIVISION OF THE FACE VALUE OF EQUITY SHARES***

Pursuant to the resolution passed at the 28th Annual General Meeting of the Company held on July 28, 2010, Company's equity shares of the face value of ₹ 10/- each have been sub-divided into face value of ₹ 2/- each.

The Record Date for the purpose of ascertaining the names of the shareholders entitled to receive sub-divided shares was August 30, 2010. Upon sub-division, the depository account of the shareholders holding shares in demateriailsed form, were directly credited with the

new shares of the face value of ₹ 2/- each, on the next day of the Record date under new ISIN: INE 326A 01037.

Shareholders holding shares in physical form were issued a composite share certificate for the new shares of the face value of ₹ 2/- each. Consequent, to issuance of new share certificates, the existing share certificates for the shares of the face value of ₹ 10/- each are treated as cancelled and invalid.

In cases where the new share certificates sent by the Company were returned undelivered, a reminder has been sent to the concerned shareholders to claim the same.

❖ ***MARKET PRICE DATA***

Equity shares of the Company are traded in A group and are also available for trading in Futures & Options (F & O) segment of the NSE.

The market-price data covering the period April 2010 to March 2011 is given below:

	BSE				NSE			
	₹		₹		₹		₹	
MONTH	**HIGH**	**DATE**	**LOW**	**DATE**	**HIGH**	**DATE**	**LOW**	**DATE**
APR - 2010	1730.20	30.04.10	1599.05	06.04.10	1728.00	30.04.10	1573.40	07.04.10
MAY - 2010	1875.00	31.05.10	1700.00	03.05.10	1874.00	31.05.10	1697.00	03.05.10
JUN - 2010	1970.00	30.06.10	1820.00	09.06.10	1974.00	30.06.10	1803.60	07.06.10
JUL - 2010	1985.00	27.07.10	1841.20	15.07.10	1984.90	28.07.10	1825.50	16.07.10
AUG - 2010 (Pre Sub-division)	1929.50	04.08.10	1775.20	17.08.10	1930.00	04.08.10	1771.00	17.08.10
AUG - 2010 (Post Sub-division)	384.35	27.08.10	348.00	31.08.10	385.00	30.08.10	348.15	31.08.10
SEP - 2010	408.10	28.09.10	350.00	01.09.10	408.00	28.09.10	349.15	01.09.10
OCT - 2010	459.90	26.10.10	390.55	01.10.10	460.40	26.10.10	388.10	01.10.10
NOV - 2010	519.80	30.11.10	428.00	26.11.10	519.75	30.11.10	427.00	26.11.10
DEC - 2010	519.50	01.12.10	430.00	10.12.10	519.95	01.12.10	415.00	10.12.10
JAN - 2011	495.00	06.01.11	370.90	21.01.11	493.80	04.01.11	385.25	31.01.11
FEB - 2011	433.45	04.02.11	363.00	25.02.11	433.85	15.02.11	363.10	25.02.11
MAR - 2011	423.00	24.03.11	377.10	15.03.11	423.70	31.03.11	377.95	01.03.11

❖ ***TRADING VOLUMES***

The number of shares traded at BSE and NSE were:

Month	**BSE**	**NSE**	**Total**
APR - 2010	495375	2490157	2985532
MAY - 2010	671395	4502792	5174187
JUN - 2010	456565	2833865	3290430
JUL - 2010	713503	4067243	4780746
AUG - 2010	891224	4726332	5617556
SEP - 2010	4345534	17140769	21486303
OCT - 2010	4418092	16549646	20967738
NOV - 2010	3802550	39369860	43172410
DEC - 2010	3336655	26323857	29660512
JAN - 2011	2305463	17536614	19842077
FEB - 2011	2326784	18561214	20887998
MAR - 2011	2384374	18788896	21173270
TOTAL:	**26147514**	**172891245**	**199038759**

❖ PERFORMANCE IN COMPARISON WITH BROAD BASED INDICES

Lupin share price compared with BSE Sensex and NSE S&P CNX Nifty (Month-end closing)

Month	BSE		NSE	
	Lupin share price ₹	Sensex	Lupin share price ₹	S&P CNX Nifty
APR – 2010	1707.75	17558.71	1706.35	5278.00
MAY – 2010	1861.00	16944.63	1860.20	5086.30
JUN – 2010	1966.10	17700.90	1967.85	5312.50
JUL – 2010	1878.60	17868.29	1877.95	5367.60
AUG – 2010 (Post Sub-division)	356.05	17971.12	356.40	5402.40
SEP – 2010	388.55	20069.12	388.10	6029.95
OCT – 2010	438.20	20032.34	438.30	6017.70
NOV – 2010	509.85	19521.25	511.45	5862.70
DEC – 2010	480.45	20509.09	482.45	6134.50
JAN – 2011	422.60	18327.76	421.90	5505.90
FEB – 2011	381.75	17823.40	381.20	5333.25
MAR – 2011	415.35	19445.22	416.65	5833.75

❖ EVOLUTION OF CAPITAL

Particulars of Equity shares issued by the Company:

Year of issue	Allotment of shares	Total issued Capital at the end of financial year (₹)
2001 - 02	Issue of 40141134 shares of ₹ 10/- each upon amalgamation *	401411340
2006 - 07	Issue of 11360 shares of ₹ 10/- each under ESOP (Pre - Bonus)	401524940
	Issue of 40152494 shares of ₹ 10/- each as bonus (in the ratio of 1:1)	803049880
	Issue of 39576 shares of ₹ 10/- each under ESOP (Post - Bonus)	803445640
2007 - 08	Issue of 1656100 shares of ₹ 10/- each upon conversion of FCCB	820006640
	Issue of 80231 shares of ₹ 10/- each under ESOP	820808950
2008 - 09	Issue of 571069 shares of ₹ 10/- each upon conversion of FCCB	826519640
	Issue of 167586 shares of ₹ 10/- each under ESOP	828195500
2009 - 10	Issue of 307541 shares of ₹ 10/- each under ESOP	831270910
	Issue of 5816742 shares of ₹ 10/- each upon conversion of FCCB	889438330
2010 - 11	Issue of 170691 shares of ₹ 10/- each under ESOP (Pre Sub-division)	891145240
	Issue of 628569 shares of ₹ 2/- each under ESOP (Post Sub-division)	892402378

*Amalgamation of Lupin Laboratories Limited with Lupin Chemicals Limited whose name was changed to Lupin Limited.

❖ SHARE TRANSFER SYSTEM

Company's shares in dematerialised form are transferrable through depositories. Shares in physical form are transferred by the Investors' Services Department of the Company and placed before the Share Transfer Committee for its approval.

The Board has constituted a Share Transfer Committee comprising Dr. Desh Bandhu Gupta, or in his absence, Dr. Kamal K. Sharma as Chairman of the Committee. Mrs. M. D. Gupta and Mr. D. K. Contractor are the members. The Committee meets at a regular interval to consider and approve the transfer, transmission, issuance of duplicate/consolidated/ sub-divided share certificates and requests for dematerialisation/rematerialisation of

Company's shares. It met 23 times during the year and approved transfer of 66720 equity shares.

In terms of Clause 47 (c) of the Listing Agreement, every six months, a qualified Practising Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the stock exchanges.

❖ ALLOTMENT COMMITTEE

The Allotment Committee comprising Dr. Desh Bandhu Gupta, or in his absence, Dr. Kamal K. Sharma as Chairman of the committee and Mrs. M. D. Gupta, is constituted to approve the allotment of shares.

The Allotment Committee met 14 times during the year. It approved allotment of 799260 shares to the employees, upon exercising the vested options granted to them under Lupin Employees Stock Option Plans.

Allotment Committee delegated powers to the executives of the Company to comply with post allotment formalities viz; execution of corporate actions for crediting allotted shares to the demat account of the respective allotees and listing the same with stock exchanges.

❖ SHAREHOLDING PROFILE AS ON MARCH 31, 2011

i. Distribution of Shareholding

Shareholding range (No. of shares)	Shareholders		Shareholding	
	Numbers	%	Numbers	%
1 – 500	93947	90.45	8116288	1.82
501 – 1000	3229	3.11	2526636	0.57
1001 – 2000	4450	4.29	5731927	1.29
2001 – 3000	701	0.67	1753444	0.39
3001 – 4000	225	0.22	812047	0.18
4001 – 5000	225	0.22	1066485	0.24
5001 – 10000	335	0.32	2422756	0.54
10001 and above	752	0.72	423771606	94.97
Total:	**103864**	**100.00**	**446201189**	**100.00**

ii. Shareholding Pattern

Category	No. of Holders	No. of shares	%
Promoters	16	209627540	46.98
Mutual Funds	149	37308599	8.36
Insurance Cos./ Banks/ Financial Institutions	76	51789835	11.61
Foreign Institutional Investors (FIIs)	286	98037447	21.97
Foreign Bodies / Banks	4	418698	0.09
Non Residents	1538	958446	0.22
Public	101795	48060624	10.77
Total:	**103864**	**446201189**	**100.00**

iii. Particulars of the Shareholders (non promoter) holding more than 1% of the shares of the Company

Name of the shareholder	No. of shares	%
Life Insurance Corporation of India	18684589	4.19
Genesis Indian Investment Co. Ltd.	16903525	3.79
ICICI Prudential Life Insurance Co. Ltd.	14126511	3.17
Jhunjhunwala Rakesh Radheshyam	8797905	1.97
HDFC Trustee Company Ltd.	8543454	1.91
Reliance Capital Trustee Co. Ltd.	7628740	1.71
Reliance Life Insurance Co. Ltd.	6160834	1.38
Jhunjhunwala Rekha Rakesh	5591270	1.25
HSBC Global Investment Funds	5504100	1.23
HDFC Standard Life Insurance Co. Ltd.	4453587	1.00
FID Funds (Mauritius) Ltd.	4443927	1.00

iv. Shareholding Profile

Mode	Demat		Physical		Total
	(nos.)	%	(nos.)	%	(nos.)
Shareholding	442839609	99.25	3361580	0.75	**446201189**
Shareholders	92802	89.35	11062	10.65	**103864**

v. Geographical presence of Shareholders

State	Shareholders	
	Nos.	%
Andhra Pradesh	3978	3.83
Bihar	1204	1.16
Chhattisgarh	375	0.36
Delhi	6119	5.89
Gujarat	10733	10.33
Haryana	1793	1.73
Jharkhand	1574	1.52
Karnataka	5384	5.18
Kerala	1449	1.40
Madhya Pradesh	2586	2.49
Maharashtra	41269	39.73
North Eastern States	1044	1.00
Orissa	797	0.77
Punjab	1909	1.84
Rajasthan	3215	3.10
Tamilnadu	4418	4.25
Uttarakhand	1109	1.07
Uttar Pradesh	5590	5.38
West Bengal	8092	7.79
Others	1226	1.18
Total:	**103864**	**100.00**

❖ *DIVIDEND PROFILE*

Financial year	Book closure/Record date	Dividend declared	Date of declaration	Date of payment
2009 - 10	21.07.10 - 28.07.10	135%	28.07.2010	29.07.2010
2008 - 09	22.07.09 - 29.07.09	125%	29.07.2009	30.07.2009
2007 - 08	15.07.08 - 22.07.08	100%	22.07.2008	23.07.2008
2006 - 07	12.07.07 - 19.07.07	50% *	19.07.2007	20.07.2007
2005 - 06	11.07.06 - 12.07.06	65%	25.07.2006	26.07.2006
2004 - 05	19.07.05 - 20.07.05	65%	28.07.2005	29.07.2005
2003 - 04	15.07.04 - 16.07.04	65%	29.07.2004	30.07.2004
2002 - 03	17.07.03 - 18.07.03	50%	06.08.2003	07.08.2003
2001 - 02 (Final)	20.08.02 - 21.08.02	25%	02.09.2002	03.09.2002
2001 - 02 (Interim)	07.02.02	25%	17.01.2002	15.02.2002
2000 - 01	13.09.01 - 14.09.01	35%	25.09.2001	26.09.2001

* On enhanced share capital consequent to Bonus Issue in the ratio of 1:1

❖ *DEMATERIALISATION OF SHARES AND LIQUIDITY*

Shares of the Company are traded compulsorily in dematerialised form and are available for trading with both the depositories with whom the Company has established direct connectivity. The demat requests received by the Company are continually monitored to expedite the process of dematerialisation. The demat requests are confirmed to the depositories within five working days of receipt.

During the year, the Company has electronically confirmed demat requests for 288125 equity shares. As on March 31, 2011, 99.25% of the total shares issued by the Company were held in dematerialised form.

The International Securities Identification Number (ISIN) assigned to the Company's new equity shares by the depositories is **INE 326A 01037**.

❖ *CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING*

The Company has adopted a comprehensive Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, for prevention of insider trading in shares of the Company.

The Code of Conduct is implemented diligently mandating initial and continual disclosures from the senior officials, directors and auditors of the Company upon trading in the shares of the Company. The Code also restricts specified employees to deal in the shares of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company.

The transactions of the insiders in the shares of the Company are subjected to trading window closures, pre-clearance of trades etc. as envisaged in the Code. The Code has been disseminated through the Company's intranet for easy access to the employees and is updated from time to time.

❖ *RECONCILIATION OF SHARE CAPITAL AUDIT REPORT*

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practising Company Secretary for reconciliation of share capital of the Company.

The audit report inter alia covers and certifies that the total shares held in NSDL, CDSL and those in physical form tally with the issued and paid-up capital of the Company, the Register of Members is duly updated, demat requests are confirmed within stipulated time etc.

Details of changes, if any, in the share capital of the Company (due to Bonus, Conversion, allotments etc.) during the quarter, are also covered in the report.

The Reconciliation of Share Capital Audit Report is submitted with BSE and NSE and is also placed before the meetings of the Board of Directors and the Investors' Grievances Committee.

❖ *EMPLOYEES STOCK OPTION PLANS (ESOPs)*

During the year, the Remuneration Committee granted 222500 options under 'Lupin Employees Stock Option Plan 2003', 235000 options under 'Lupin Employees Stock Option Plan 2005' and 100000 options under 'Lupin Subsidiary Companies Employees Stock Option Plan 2005'.

The Plans were implemented according to the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, with an exercise period of ten years from the date of grant. Each option is convertible into one fully paid-up equity share of ₹ 2/- each.

Consequent to the sub-division of shares of the Company in August 2010, adjustments in the quantity and exercise price of the options have been made, according to the Plan.

In accordance with the terms of the respective stock option plan and other applicable provisions, the Company has allotted 799260 equity shares during the year to those employees who exercised options vested in them; particulars of which are as under:

Sl. No.	Date of allotment	No. of Shares
1	April 14, 2010	15566
2	April 29, 2010	11151
3	May 14, 2010	13855
4	June 8, 2010	15414
5	July 7, 2010	67227
6	July 15, 2010	26764
7	August 13, 2010	20714
8	September 20, 2010	102800
9	October 19, 2010	95650
10	November 22, 2010	105105
11	December 06, 2010	25875
12	January 07, 2011	203155
13	February 8, 2011	43111
14	March 17, 2011	52873
	Total:	**799260**

The Company has obtained necessary approvals for grant of options and allotment of shares. The allotted shares have been listed on BSE and NSE.

❖ *STATUS OF UNCLAIMED DIVIDENDS*

Year of dividend	Date of dividend	Status of unclaimed dividend	Entitlement
1994-95 (LLL)	01.02.1996	Transferred to Investor Education & Protection Fund (IEPF).	Amount cannot be claimed as per the relevant provisions.
1995-96 (LLL)	01.02.1997		
1996-97 (LLL)	02.02.1998		
1997-98 (LLL)	05.01.1999		
1997-98 (LCL)	19.01.1999		
1998-99 (LLL)	03.01.2000		
1998-99 (LCL)	04.01.2000		
1999-2000 (LLL)	22.05.2000		
1999-2000 (LCL)	08.11.2000		
2000-01	26.09.2001		
2001-02 (Interim)	15.02.2002		
2001-02 (Final)	03.09.2002		
2002-03	07.08.2003		

With a view to safeguard interests of the shareholders, the Company initiates proactive and innovative steps like sending personalised reminders to the shareholders of the Company to claim their unpaid dividend, from time to time and also before transferring the same to the Investor Education & Protection Fund (IEPF).

Unclaimed dividends for the year 2003 - 04 onwards will be transferred to the IEPF, as required; the details are given below:

Year	Date of Declaration	Due date for transfer to IEPF
2003 - 04	29.07.2004	03.09.2011
2004 - 05	28.07.2005	02.09.2012
2005 - 06	25.07.2006	30.08.2013
2006 - 07	19.07.2007	24.08.2014
2007 - 08	22.07.2008	27.08.2015
2008 - 09	29.07.2009	03.09.2016
2009 - 10	28.07.2010	02.09.2017

Shareholders are advised to confirm from/with their records and claim the amount well before the due date, if not encashed earlier.

❖ *OUTSTANDING GDRs/ADRs/WARRANTS/CONVERTIBLE INSTRUMENTS*

The Company has granted stock options to its employees and those of its subsidiaries under the employee stock option plans. The Company shall allot equity shares from time to time, upon the employees exercising the options vested in them pursuant to the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the terms and conditions of the respective employee stock option plan.

There are no outstanding warrants. The Company has not issued any GDR/ADR.

❖ *PLANT LOCATIONS*

The Company's plants are located at:

i) T-142, MIDC Industrial Estate, Tarapur Industrial Area, Boisar, Dist. Thane, Maharashtra - 401 506.

ii) 198-202, New Industrial Area II, Mandideep, Dist. Raisen, Madhya Pradesh - 462 046.

iii) 211, New Industrial Area II, Mandideep, Dist. Raisen, Madhya Pradesh - 462 024.

iv) 124, GIDC Industrial Estate, Ankleshwar, Gujarat - 393 002.

v) A 28/1, MIDC Area, Chikalthana, Aurangabad, Maharashtra - 431 001.

vi) B-15, Phase I-A, Verna Industrial Area, Verna Salcette, Goa - 403 722.

vii) Export Promotion Industrial Park, SIDCO Industrial Complex, Kartholi, Bari Brahmana, Jammu - 181 133.

viii) Gat No. 1156, Village Ghotawade, Taluka Mulshi, Dist. Pune, Maharashtra - 411 042.

ix) Block 21, Village Dabhasa, Taluka: Padra, Dist.: Vadodara, Gujarat - 391 440.

x) Plot No.2, Phase - II, Special Economic Zone, Pithampur, Dist. Dhar, Madhya Pradesh - 454 775.

xi) Kyowa Pharmaceutical Industry Co. Ltd., 11-1 Techno Park, Sanda, Hyogo 669 - 1339, Japan.

❖ *R & D CENTRES*

i) Lupin Research Park Survey Nos. 46A/47A, Nande Village, Mulshi Taluka, Dist. Pune, Maharashtra - 411 042.

ii) Lupin Bioresearch Centre S No 1462/2/1b, Sai Trinity Complex, Wing A, Above Cosmos Bank, Pashan Sus Road, Pashan, Pune, Maharashtra - 411 021.

iii) Kyowa Pharmaceutical Industry Co. Ltd., 6-7-2 Yurinokidai, Sanda, Hyogo 669 - 1324, Japan.

iv) Pharma R & D, A 28/1, MIDC Area, Chikalthana, Aurangabad, Maharashtra - 431 001.

❖ *CONTACT PERSONS FOR ENQUIRIES*

Financial matters : Mr. Sunil Makharia, email: sunilmakharia@lupinpharma.com

Secretarial matters : Mr. Rajvardhan V. Satam, email: rajvardhansatam@lupinpharma.com

Investors related matters : Mr. Pradeep Bhagwat, email: pradeepbhagwat@lupinpharma.com

❖ *ADDRESS FOR CORRESPONDENCE*

Members may address their queries/communications to:

Registered Office/Investors' Services Department:
159, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, India.
Tel: +91 22 6640 2323 Ext: 2402/2403
Fax: +91 22 2652 8806.

For and on behalf of the Board of Directors

Dr. Desh Bandhu Gupta
Chairman

Mumbai, May 12, 2011

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

We, Dr. Kamal K. Sharma, Managing Director and Mr. Ramesh Swaminathan, President - Finance & Planning do hereby certify to the Board that:

(a) We have reviewed the Balance Sheet as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:

   (i) the said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;

   (ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

   (i) significant changes in internal control over financial reporting during the year, if any;

   (ii) significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **LUPIN LIMITED**

DR. KAMAL K. SHARMA
MANAGING DIRECTOR

For **LUPIN LIMITED**

RAMESH SWAMINATHAN
PRESIDENT - FINANCE & PLANNING

Mumbai, May 12, 2011

DECLARATION PURSUANT TO CLAUSE 49 1 (D) (ii) OF THE LISTING AGREEMENT

In accordance with Clause 49 1(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended March 31, 2011.

For **LUPIN LIMITED**

DR. KAMAL K. SHARMA
MANAGING DIRECTOR

Mumbai, May 12, 2011

Auditors' Certificate on Corporate Governance

To,

The Members of Lupin Limited

We have examined the compliance of the conditions of corporate governance by **LUPIN LIMITED** ("the Company") for the year ended on March 31, 2011, as stipulated in clause 49 of the listing agreements of the said company with relevant stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of 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 agreements.

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

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

K. A. Katki
Partner
(Membership No. 038568)

Mumbai, May 12, 2011

Auditors' Report

TO THE BOARD OF DIRECTORS OF LUPIN LIMITED

1. We have audited the attached Consolidated Balance Sheet of LUPIN LIMITED ("the Company"), and its subsidiaries, (the Company and its subsidiaries constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) 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 and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of 13 subsidiaries, whose financial statements reflect total assets of ₹ 9454 million as at 31st March, 2011, total revenues of ₹ 9217 million and net cash inflows amounting to ₹ 231.4 million for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its aforesaid subsidiaries and an associate, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

K. A. Katki
Partner
Membership No. 038568

Place : Mumbai
Dated : May 12, 2011

Consolidated Balance Sheet

As at March 31, 2011

	Schedules	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	892.4	889.4
Reserves and Surplus	2	31,918.4	24,788.9
		32,810.8	25,678.3
Minority Interest		515.1	254.9
[Refer note no. 17 of Schedule 19(B)]			
Loan Funds			
Secured Loans	3	7,841.3	8,722.4
Unsecured Loans	4	3,782.8	2,676.1
		11,624.1	11,398.5
Deferred Tax Liabilities (Net)		1,791.8	1,630.4
[Refer note no. 5 (ii) (a) of Schedule 19(B)]			
	TOTAL	**46,741.8**	**38,962.1**
II. APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		26,388.5	22,937.1
Less : Depreciation and Amortisation		9,075.1	7,072.2
Net Block		17,313.4	15,864.9
Capital Work-in-Progress		5,312.2	3,578.7
		22,625.6	19,443.6
Goodwill On Consolidation		3,254.9	3,196.8
[Refer note no.15 (b) of Schedule 19(B)]			
Investments	6	31.5	264.3
Deferred Tax Assets (Net)		380.5	195.4
[Refer note no. 5 (ii) (b) of Schedule 19(B)]			
Current Assets, Loans and Advances			
Inventories	7	11,999.6	9,714.9
Sundry Debtors	8	12,558.2	11,265.7
Cash and Bank Balances	9	4,201.2	2,015.3
Loans and Advances	10	6,208.0	4,758.6
		34,967.0	27,754.5
Less : Current Liabilities and Provisions	11		
Current Liabilities		11,799.6	9,663.4
Provisions		2,718.1	2,229.1
		14,517.7	11,892.5
Net Current Assets		20,449.3	15,862.0
	TOTAL	**46,741.8**	**38,962.1**
Significant Accounting Policies and Notes to Accounts	19		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

For **Lupin Limited**

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

Place : Mumbai
Dated : May 12, 2011

R. V. Satam
Company Secretary

Consolidated Profit and Loss Account

For the year ended March 31, 2011

	Schedules	Current Year ended 31.03.2011 ₹ in million	Previous Year ended 31.03.2010 ₹ in million
INCOME			
Sales (Gross)	12	57,421.7	48,009.5
Less : Excise Duty		353.5	273.2
Sales (Net)		57,068.2	47,736.3
Other Operating Income	13	1,252.0	971.6
Other Income	14	89.0	142.0
		58,409.2	**48,849.9**
EXPENDITURE			
Cost of Materials / Goods	15	22,379.3	19,694.2
Personnel Expenses	16	7,677.0	5,871.5
Manufacturing and Other Expenses	17	16,353.3	13,303.3
Interest and Finance Charges	18	324.6	384.9
Depreciation and Amortisation		1,711.8	1,239.1
		48,446.0	**40,493.0**
Profit before Tax		**9,963.2**	**8,356.9**
Provision for Taxation			
- Current Tax (including Wealth Tax)		2,669.6	1,905.0
Less: MAT Credit Entitlement		(1,473.8)	(795.2)
- Deferred Tax Expense / (Credit) (net)		(26.5)	250.4
Net Profit before Minority Interest and Share of Loss in Associates		**8,793.9**	**6,996.7**
Less : Minority Interest		148.4	111.6
Less : Share of Loss in Associates		20.0	68.8
Net Profit		**8,625.5**	**6,816.3**
Add : Balance of Profit Brought Forward		10,521.8	6,688.6
Less : Adjustment on account of amortisation of goodwill for previous year [Refer note no. 20 of Schedule 19 (B)]		(43.6)	-
Amount Available for Appropriation		**19,103.7**	**13,504.9**
APPROPRIATIONS			
- Transfer to General Reserve		1,500.0	1,500.0
- Dividend on Equity Shares by Overseas Subsidiaries		80.6	60.6
- Proposed Dividend on Equity Shares		1,338.6	1,200.7
- Dividend on Equity Shares issued after the previous year end		2.0	10.8
- Corporate Tax on Dividend		236.4	211.0
Balance of Profit Carried Forward		**15,946.1**	**10,521.8**
		19,103.7	**13,504.9**
Earnings Per Share (in ₹) [Refer note no. 7 of Schedule 19(B)]			
- **Basic**		**19.36**	**15.84**
- **Diluted**		**19.25**	**15.56**
Face value of Equity Shares (in ₹)		2.00	2.00
Significant Accounting Policies and Notes to Accounts	19		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

For **Lupin Limited**

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

Place : Mumbai
Dated : May 12, 2011

R. V. Satam
Company Secretary

Consolidated Cash Flow Statement

For the year ended March 31, 2011

		Current year ended 31.03.2011 ₹ in million	Previous year ended 31.03.2010 ₹ in million
A.	**Cash Flow from Operating Activities**		
	Net Profit before Tax and Minority Interest and Share of Loss in Associates	9,963.2	8,356.9
	Adjustments for:		
	Depreciation and Amortisation	1,711.8	1,239.1
	Loss on sale / discard of Fixed Assets (net)	91.0	86.1
	Interest and Finance Charges	324.6	384.9
	Profit on sale of Long Term Investments - Trade	(23.9)	(1.8)
	Interest on Deposits with Banks	(20.5)	(2.7)
	Dividend on Long Term Investment - Trade		
	[31.03.2011 ₹ 4,410/-, 31.03.2010 ₹ 4,410/-]		
	Dividend on Long Term Investments - Non Trade	(0.9)	(0.8)
	Dividend on Current Investments - Non Trade	(0.1)	-
	Provision for doubtful debts	-	34.0
	Provision for doubtful debts / advances no longer required written back	(14.1)	-
	Employee share based payment cost	7.1	4.7
	Profit on sale of Subsidiary	-	(90.9)
	Provision for Diminution in value of Long Term Investments	3.7	-
	Exchange difference on transactions / translation (net)	(92.4)	(252.2)
	Net unrealised exchange difference during the year	(10.6)	42.9
	Operating Profit before Working Capital Changes	11,938.9	9,800.2
	Adjustments for:		
	Trade and other Receivables	(1,480.3)	(3,113.4)
	Inventories	(2,148.5)	(279.7)
	Trade Payables	2,118.5	2,026.9
	Cash Generated from Operations	10,428.6	8,434.0
	Direct Taxes paid (net)	(2,459.4)	(1,672.4)
	Fringe Benefit Tax paid	-	2.5
	Net Cash Generated from Operating Activities	**7,969.2**	**6,764.1**
B.	**Cash Flow from Investing Activities**		
	Additions to Fixed Assets / Capital Work-in-Progress / Intangible Assets	(4,286.5)	(6,708.5)
	Sale of Fixed Assets	10.1	16.8
	Purchase of Investments	(576.2)	(29.3)
	Sale of Investments	605.8	2.0
	Loans given to an associate	-	(83.8)
	Consideration for acquisition of a subsidiary company	(80.3)	-
	Margin Money and Fixed Deposits with Banks	(9.4)	(2.4)
	Dividend on Long Term Investment - Trade		
	[31.03.2011 ₹ 4,410/-, 31.03.2010 ₹ 4,410/-]		
	Dividend on Long Term Investments - Non Trade	0.9	0.8
	Dividend on Current Investments - Non Trade	0.1	-
	Interest on Deposits with Banks	20.5	2.7
	Net Cash used in Investing Activities	**(4,315.0)**	**(6,801.7)**

		Current year ended 31.03.2011 ₹ in million	Previous year ended 31.03.2010 ₹ in million
C.	**Cash Flow from Financing Activities**		
	Proceeds from Borrowings (net)	0.9	2,972.7
	Repayments of Foreign Currency Convertible Bonds	-	(64.7)
	Premium on repayment of Foreign Currency Convertible Bonds	-	(12.6)
	Issue of Equity Shares (ESOPs)	3.0	3.0
	Securities Premium Received (net) (ESOPs)	134.5	104.4
	Interest and finance charges paid (net)	(311.8)	(379.2)
	Dividend paid	(1,226.5)	(1,081.0)
	Corporate Dividend Tax paid	(205.1)	(181.3)
	Net Cash (used in) / generated from Financing Activities	**(1,605.0)**	**1,361.3**
	Net increase in Cash and Cash equivalents	**2,049.2**	**1,323.7**
	Cash and Cash equivalents as at the beginning of the year	1,979.9	680.8
	Cash and Cash equivalents taken over of subsidiary companies		
	on acquisition	157.6	-
	Cash and Cash equivalents transferred on sale of investment in		
	subsidiary company	-	(24.6)
	Cash and Cash equivalents as at the end of the year	**4,186.7**	**1,979.9**
	Cash and Cash equivalents Comprise:		
	Cash and Bank Balances (Refer schedule 9 to the Balance Sheet)	4,201.2	2,015.3
	Unrealised gain on foreign currency cash and cash equivalents	(2.7)	(33.0)
	Less : Margin Money Deposit / Fixed Deposit having maturity more	11.8	2.4
	than 3 Months		
	Cash and Cash equivalents as restated as at the year end	**4,186.7**	**1,979.9**

Notes :

1. The above Cash Flow Statement has been prepared under the ‘Indirect Method’ as set out in the Accounting Standard 3 (AS 3), “Cash Flow Statement”.
2. Cash and Cash equivalents include ₹ 13.3 million (previous year ₹ 11.1 million) being unclaimed dividend are not available for use by the Company.
3. Previous year figures have been regrouped wherever necessary.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

For **Lupin Limited**

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

R. V. Satam
Company Secretary

Place : Mumbai
Dated : May 12, 2011

Schedules Forming Part of the Consolidated Balance Sheet

	As at 31.03.2011	As at 31.03.2010
	₹ in million	₹ in million
SCHEDULE 1 - SHARE CAPITAL		
Authorised :		
500,000,000* Equity Shares of ₹ 2/- each (previous year 100,000,000 Equity Shares of ₹ 10/- each)	1,000.0	1,000.0
TOTAL	1,000.0	1,000.0
Issued, Subscribed and Paid-up		
446,201,189* Equity Shares of ₹ 2/- each fully paid-up (previous year 88,943,833 Equity Shares of ₹ 10/- each fully paid-up)	892.4	889.4
TOTAL	892.4	889.4

Notes :

Of the above Equity Shares-

1. 186,555,240* Equity Shares of ₹ 2/- each (previous year 37,311,048 Equity Shares of ₹ 10/- each) were allotted as fully paid-up without payment being received in cash, pursuant to the Scheme of Amalgamation with erstwhile Lupin Laboratories Limited.
2. 200,762,470* Equity Shares of ₹ 2/- each (previous year 40,152,494 Equity shares of ₹ 10/- each) have been allotted as fully paid-up bonus shares by way of capitalisation of General Reserve.
3. 40,219,555* Equity Shares of ₹ 2/- each (previous year 8,043,911 Equity Shares of ₹ 10/- each) fully paid-up have been allotted on conversion of Foreign Currency Convertible Bonds in accordance with the terms of the issue.
4. 4,513,494* Equity Shares of ₹ 2/- each (previous year 606,294 Equity Shares of ₹ 10/- each) fully paid-up have been allotted pursuant to Lupin Employees Stock Option Plans. Particulars of options on unissued share capital [Refer note no.10(a) of Schedule 19(B)].

* Number of Equity Shares are adjusted consequent to sub division of One Equity Share of face value ₹ 10/- each into Five Equity Shares of ₹ 2/- each as approved by the Shareholders on July 28, 2010. [Refer note no. 7 of Schedule 19(B)]

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve		
- Investment Subsidies from Central Government		
Balance as per last Balance Sheet	1.0	1.0
- Investment Subsidies from State Government		
Balance as per last Balance Sheet	8.2	8.2
- On restructuring of capital of the Company under the Scheme of Amalgamation		
Balance as per last Balance Sheet	254.7	254.7
	263.9	263.9
Capital Redemption Reserve		
Balance as per last Balance Sheet	126.5	126.5
Securities Premium Account		
Balance as per last Balance Sheet	5,063.4	1,731.4
Add : Addition during the year*	134.5	3,344.6
Less : Premium on redemption of Foreign Currency Convertible Bonds (net of tax of ₹ nil, previous year ₹ 6.5 million)	-	12.6
	5,197.9	5,063.4
General Reserve		
Balance as per last Balance Sheet	8,515.4	7,015.4
Add : Transferred from Profit and Loss Account	1,500.0	1,500.0
	10,015.4	8,515.4
Amalgamation Reserve		
Balance as per last Balance Sheet	317.9	317.9
Cash Flow Hedge Reserve		
Balance as per last Balance Sheet	175.8	(2,911.6)
Add : (Debited) / Credited during the year (net) (net of tax of ₹ 20.2 million, previous year ₹ 4.8 million) [Refer note no.13 (ii) of Schedule 19(B)]	(124.6)	3,087.4
	51.2	175.8
Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	(201.2)	187.2
Less : Credited / (Debited) during the year (net) [Refer note no.16 of Schedule 19 (B)]	188.2	(388.4)
	(13.0)	(201.2)
Employees Stock Options Outstanding		
Employees Stock Options Outstanding		
Balance at the beginning of the year	9.0	2.9
Add : Options granted during the year	11.3	6.1
Balance as at the year end (A)	20.3	9.0
Deferred Employees Stock Options Cost		
Balance at the beginning of the year	3.6	2.2
Add : Options granted during the year	11.3	6.1
Less : Amortisation during the year	7.1	4.7
Balance as at the year end (B)	7.8	3.6
(A-B)	12.5	5.4
Surplus as per Profit and Loss Account	15,946.1	10,521.8
TOTAL	31,918.4	24,788.9

* Represents amount received on allotment of 1,482,024 Equity Shares of ₹ 2/- each (previous year 307,541 Equity Shares of ₹ 10/- each), pursuant to "Lupin Employees Stock Option Plans" and nil (previous year 5,816,742 Equity Shares of ₹ 10/- each) on conversion of Foreign Currency Convertible Bonds in accordance with the terms of the issue. [Refer note no.10 (a) of Schedule 19(B)].

	Notes	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 3 - SECURED LOANS			
Term Loans	1		
From Banks			
- Foreign Currency Loans		1,091.9	1,164.4
- Rupee Loans		-	22.4
		1,091.9	1,186.8
Working Capital Loans from Banks	2	6,635.3	7,404.9
Finance Lease Obligations	3	114.1	130.7
[Refer Note No. 9 (b) of Schedule 19(B)]			
	TOTAL	**7,841.3**	**8,722.4**

Notes :

1. a. Term loans of a subsidiary company located at Japan aggregating ₹ 1,030.6 million (previous year ₹ 1,089.5 million) are secured by first legal / equitable mortgage on immovable assets of the said subsidiary.
   b. Term loans from Banks of an Indian subsidiary company aggregating ₹ nil (previous year ₹ 33.8 million) are secured by hypothecation of Fixed Assets and Equitable mortgage on Factory Land and Building of the said subsidiary at Dabhasa and are further secured by letter of comfort provided by the Company.
   c. Term loans of a subsidiary company located at Germany aggregating ₹ 61.3 million (previous year ₹ 63.5 million) are secured against mortgage of immovable property of the said subsidiary.
2. Working capital loans from Banks comprises of :
   a. Cash Credit, Short Term Loans, Packing Credit, Post Shipment Credit, Bills Discounted and Overseas Import Credit availed by the Company aggregating ₹ 6,374.6 million (previous year ₹ 7,040.0 million) and are secured by hypothecation of inventories and book debts and moveable current assets at godowns, depots, in course of transit or on high seas and a second charge on immovable properties and moveable assets of the Company both present and future situated at (a) Aurangabad, Pune and Tarapur in Maharashtra, (b) Ankleshwar and Dabhasa in Gujarat, (c) Mandideep and Pithampur in Madhya Pradesh, (d) Verna in Goa and (e) Bari Brahmana in Jammu and Kashmir.
   b. ₹ nil (previous year ₹ 199.2 million) being Cash Credit, Packing Credit and Post Shipment Credit availed by an Indian subsidiary company are secured by hypothecation of inventories and book debts of the said subsidiary.
   c. ₹ 23.2 million (previous year ₹ nil) being bill discounting facility availed by a subsidiary company located at Australia comprises of multiple advance and overdraft facilities which were secured by Fixed and Floating charge over all assets of the said subsidiary.
   d. ₹ 23.1 million (previous year ₹ 14.5 million) being working capital loans availed by a subsidiary company located at Philippines are secured by way of charge against receivables from a distributor, pledge of finished goods and by letter of comfort from the Company.
   e. ₹ 214.4 million (previous year ₹ 151.2 million) being cash credit facility availed by a subsidiary company located at Germany is guaranteed by the Company by way of standby letter of credit issued by the Company's bankers under working capital facility and it is secured as detailed in note 2 (a) above.
3. Finance lease obligations to Financial Institutions represent present value of minimum lease rentals payable and are secured by hypothecation of concerned plant, machinery and equipments and vehicles.
4. Working Capital Loans from Banks include Foreign Currency Loans of ₹ 6,299.9 million (previous year ₹ 5,378.0 million).

		As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 4 - UNSECURED LOANS			
Bonds		204.7	423.2
Foreign Currency Term Loans from Banks		1,866.1	1,174.5
Working Capital Loans from Banks (Refer note 1 below)		1,237.8	645.4
Other Loans :			
a) Sales Tax Deferment Loan - Government of Maharashtra		61.0	63.0
b) Loans from Council for Scientific and Industrial Research,		413.2	370.0
Department of Science and Technology, Government of India			
	TOTAL	**3,782.8**	**2,676.1**
Notes :			
1. Working Capital Loans from Banks include Foreign currency loans of			
₹ 1,199.3 million (previous year ₹ 645.4 million)			
2. Amounts due within a year			
a) Bonds		-	240.5
b) Term Loans from Banks		57.6	241.2
c) Sales Tax Deferment Loan - Government of Maharashtra		3.2	2.0
d) Loans from Council for Scientific and Industrial Research		35.1	-

SCHEDULE 5 - FIXED ASSETS

(₹ in million)

Particulars	Gross Block					Depreciation And Amortisation					Net Block	
	As at April 01, 2010	Additions on acquisition of subsidiary company**	Additions	Deductions / Adjustments	**As at March 31, 2011**	Up to March 31, 2010	Additions on acquisition of subsidiary company**	For the Year	Deductions / Adjustments	**Up to March 31, 2011**	**As at March 31, 2011**	As at March 31, 2010
A) Owned Assets												
Free Hold Land	764.0	-	1.5	(79.1)	844.6	-	-	-	-	-	844.6	764.0
Lease Hold Land	401.5	-	138.8	-	540.3	26.9	-	7.8	-	34.7	505.6	374.6
Buildings	4,740.6	-	262.4	(80.1)	5,083.1	1,128.4	-	152.0	(46.1)	1,326.5	3,756.6	3,612.2
Plant , Machinery and Equipments	13,930.5	3.6	1,793.0	52.9	15,674.2	5,023.6	2.6	976.2	54.0	5,948.4	9,725.8	8,906.9
Furniture and Fixtures	612.0	2.7	155.0	9.3	760.4	312.6	0.7	66.8	14.1	366.0	394.4	299.4
Vehicles	73.9	-	33.8	15.1	92.6	16.6	-	9.7	(12.1)	38.4	54.2	57.3
Intangible Assets - Acquired :												
- Goodwill	-	316.4	218.1 *	(20.0)	554.5	-	139.9	76.9	(53.5)	270.3	284.2	-
- Computer softwares	136.4	0.3	4.6	(5.0)	146.3	99.3	0.2	9.6	(3.2)	112.3	34.0	37.1
- Trade Marks and Licences	10.1	265.5	21.6	(18.5)	315.7	9.2	103.1	17.4	(8.0)	137.7	178.0	0.9
- Dossiers and Marketing Rights	2,091.6	-	81.2	(15.5)	2,188.3	394.7	-	365.4	(11.8)	771.9	1,416.4	1,696.9
B) Assets Under Finance Lease												
Plant , Machinery and Equipment	135.6	-	-	(16.4)	152.0	25.7	-	21.7	(3.2)	50.6	101.4	109.9
Vehicles	40.9	-	(6.0)	(1.6)	36.5	35.2	-	8.3	25.2	18.3	18.2	5.7
TOTAL	**22,937.1**	**588.5**	**2,704.0**	**(158.9)**	**26,388.5**	**7,072.2**	**246.5**	**1,711.8**	**(44.6)**	**9,075.1**	**17,313.4**	**15,864.9**
Previous Year	18,200.3	-	5,476.2	739.4	22,937.1	6,188.3	-	1,243.1	359.2	7,072.2	15,864.9	
Capital Work-in-Progress											5,312.2	3,578.7
TOTAL											**22,625.6**	**19,443.6**

* Refer note no. 20 of Schedule 19 (B)
** Refer note no. 15 a (ii) of Schedule 19 (B)

Notes :

1. Cost of Buildings includes cost of shares in co-operative societies of ₹ 1,000/- (previous year ₹ 1,000/-).
2. Capital Work-in-Progress includes capital advances paid, machinery under installation / in transit and construction and erection materials (including those lying with contractors) Manufacturing Knowhow / Product Marketing Rights and pre-operative expenses [Refer Note no. 4 in Schedule 19(B)].
3. Additions to Fixed Assets include items of fixed assets aggregating ₹ 641.4 million (previous year ₹ 741.9 million) located at Research and Development centres of Company.
4. In case of subsidiary in Japan, Plant, Machinery and Equipment of ₹ 177.7 million and its accumulated depreciation of ₹ 137.5 million has been reclassified to Furniture and Fixture as on April 1, 2010.
5. Depreciation for the year includes ₹ nil (previous year ₹ 4.0 million) being depreciation capitalised.
6. Adjustments from the Gross Block and Depreciation and Amortisation includes adjustments on account of exchange loss / (gain) (net) on translation into INR in respect of the non - integral foreign operations of the group.

Note no. 6 (Contd.)

(₹ in million)

Particulars	2010-11 Gross Block	2010-11 Depreciation	2009-10 Gross Block	2009-10 Depreciation
Free Hold Land	(79.1)	-	49.8	-
Buildings	(83.3)	(48.3)	59.6	36.6
Plant, Machinery and Equipments	(226.4)	(173.0)	145.5	112.2
Furniture and Fixtures	(27.5)	(21.7)	3.5	3.5
Vehicles (also includes under finance lease)	(3.1)	(1.7)	1.0	0.9
Intangible Assets				
-Goodwill	(20.0)	(9.9)	-	-
-Computer software	(5.7)	(4.1)	3.4	2.5
-Trademark and Licences	(18.5)	(8.0)	#	0.1
-Dossiers/Marketing rights	(15.6)	(11.8)	186.1	24.6
Plant, Machinery and Equipments under finance lease	(16.2)	(3.3)	11.4	2.6
Total	**(495.4)**	**(281.8)**	**460.3**	**183.0**

\# ₹ 2,591/-

	Number	Face Value	As at 31.03.2011		As at 31.03.2010
			₹ in million	₹ in million	₹ in million
SCHEDULE 6 - INVESTMENTS					
(At cost / carrying amount unless otherwise stated)					
Long Term Investments					
1. In Government Securities - Unquoted (Trade)					
National Savings Certificates					
(31.03.2011 - ₹ 16,000/-, 31.03.2010 - ₹ 16,000/-)					
[Deposited with Government Authorities					
31.03.2011 - ₹ 16,000/-, 31.03.2010 - ₹ 16,000/-]					
2. In Shares					
a) In Associate Companies - Unquoted (Trade)					
- Generic Health Pty Ltd., Australia	-	AUD	-		326.6
	(30,199,214)	1			
Less: Share of loss			-		102.2
[Refer note no. 15 (c) Schedule 19(B)]				-	224.4
b) In Others - Unquoted (Trade)					
- Biotech Consortium India Ltd., India	50,000	₹	0.5		0.5
	(50,000)	10			
- Bharuch Enviro Infrastructure Ltd., India	4,585	₹			
(31.03.2011 - ₹ 45,850/-, 31.03.2010 - ₹ 44,100/-)	(4,410)	10			
- Bharuch Eco-Acqua Infrastructure Ltd., India	1,145,190	₹	11.5		9.2
	(924,675)	10			
- Tarapur Environment Protection Society, India	48,154	₹	4.8		0.9
	(9,248)	100			
- Enviro Infrastructure Co. Ltd., India	100,000	₹	1.0		1.0
	(100,000)	10			
- Japan Medical Products Exporter's Association, Japan	10	JPY			
(31.03.2011 - ₹ 26,930 /-, 31.03.2010 - ₹ 24,045/-)	(10)	5,000			
- The Pharmaceuticals and Medical	30	JPY	0.2		0.1
Devices Agency, Japan	(30)	10,000			
- Osaka Fire Mutual Aid Association, Japan	10	JPY			
(31.03.2011 - ₹ 539/-, 31.03.2010 - ₹ 481/-)	(10)	100			
- Frankfurter Volksbank EG Bank, Germany	10	Euro			
(31.03.2011 - ₹ 31,659/-, 31.03.2010 - ₹ 30,270/-)	(10)	50			
- Philippines Long Distance Telephone Company	200	PHP			
(31.03.2011 - ₹ 16,458/-, 31.03.2010 - ₹ 15,896/-)	(200)	1			
				18.0	11.7
c) In Others - Quoted (Non Trade)					
- Mitsubishi UFJ Finance Group, Japan	12,820		21.3		19.0
	(12,820)				
- Senshu Ikeda Holdings, Japan	38,480		7.5		6.7
	(38,480)				
- Mizuho Financial Group, Japan	5,250		6.5		5.8
	(5,250)				
- Towa Pharmaceutical, Japan	8,200		7.3		19.2
	(24,200)				

	Number	Face Value	As at 31.03.2011		As at 31.03.2010
			₹ in million	₹ in million	₹ in million
- Risona Holdings, Japan	4,100		11.2		10.0
	(4,100)				
			53.8		60.7
Less: Provision for diminution in value of investments			40.3		32.5
				13.5	28.2
TOTAL				**31.5**	**264.3**

Notes :

1) a) Quoted Investments	: Aggregate Cost / Carrying Value	13.5	28.2
	: Aggregate Market / Repurchase Value of Shares / Bonds	13.5	28.2
b) Unquoted Investments	: Aggregate Cost / Carrying Value	18.0	236.1

2) All the Investments in shares are fully paid up.

3) Investments in Mutual Fund Units purchased and sold during the year

Investment Schemes	Face Value ₹	Nos.	Purchase Cost ₹ in million
i) Reliance Liquidity Fund	10	9,994,902.600	100
ii) Reliance Liquidity Fund	10	24,987,256.499	250
iii) Birla Sun Life Mutual Fund	10	21,957,183.492	220

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 7 - INVENTORIES		
Stock-in-trade		
- Raw Materials	3,584.0	2,552.3
- Packing Materials	646.8	537.0
- Work-in-Process	2,246.5	2,062.4
- Finished Goods (including Traded Goods)	5,250.3	4,390.6
Consumable Stores, Spares and Fuel	272.0	172.6
TOTAL	**11,999.6**	**9,714.9**
SCHEDULE 8 - SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Good	379.8	260.9
- Considered Doubtful	98.7	110.8
	478.5	371.7
Other Debts		
- Considered Good	12,178.4	11,004.8
- Considered Doubtful	1.6	0.3
	12,180.0	11,005.1
	12,658.5	11,376.8
Less: Provision for Doubtful Debts	100.3	111.1
TOTAL	**12,558.2**	**11,265.7**

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 9 - CASH AND BANK BALANCES		
Cash in hand [including Cheques on hand of ₹ 93.7 million	101.2	51.2
(previous year ₹ 44.2 million)]		
Bank Balances :		
- With Scheduled Banks		
In Current Accounts	255.4	312.8
In Exchange Earners Foreign Currency Account	0.3	0.3
In Deposit Accounts [including Margin Deposits ₹ 11.3 million	14.9	10.5
(previous year ₹ 6.7 million)]		
- With Others		
In Current Accounts	1,356.0	1,061.6
In Deposit Accounts	2,473.4	578.9
TOTAL	**4,201.2**	**2,015.3**

Note :
The bank balances in deposit accounts include interest accrued on fixed deposits amounting to ₹ 18.5 million (previous year ₹ 2.6 million)

SCHEDULE 10 - LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Loan to an associate company	-	83.8
Advances recoverable in cash or in kind or for value to be received		
- Considered Good	3,281.3	3,142.0
- Considered Doubtful	-	6.5
	3,281.3	3,148.5
Less: Provision for Doubtful Advances	-	6.5
	3,281.3	3,142.0
Note:		
Includes fair value of foreign exchange forward contracts		
₹ 373.9 million (previous year ₹ 672.2 million)		
Deposits	339.6	472.6
Balances with Customs and Excise Authorities	35.4	19.0
Advance payment of Income Tax (net of Provision)	49.4	6.2
Advance payment of Fringe Benefit Tax (net of Provision)	-	4.8
MAT Credit Entitlement	2,502.3	1,030.2
TOTAL	**6,208.0**	**4,758.6**

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	2,119.2	1,733.0
Sundry Creditors		
- Total outstanding dues of Micro Enterprises and Small Enterprises	187.2	88.5
[Refer note no.18 of Schedule 19(B)]		
- Total outstanding dues of creditors other than Micro Enterprises	8,778.2	7,013.7
and Small Enterprises		
Other Liabilities (Refer note below)	634.3	762.1
Interest Accrued but not due on loans	65.3	52.1
Unclaimed Dividend *	13.3	11.1
Unclaimed Matured Fixed Deposits *	1.5	1.9
Unclaimed Interest Warrants *	0.6	1.0
* There are no amounts due and outstanding to be credited to		
Investor Education and Protection Fund		
	11,799.6	**9,663.4**
Note :		
Other Liabilities includes fair value of foreign exchange forward,		
currency option and interest rate swap contracts ₹ 323.8 million		
(previous year ₹ 538.0 million)		
Provisions		
For Gratuity	19.2	33.2
For Other Retirement Benefits	115.0	88.0
For Compensated Absences	323.4	251.3
For Taxation (including Wealth Tax) (net of Advance Tax)	606.4	381.3
For Proposed Dividend on Equity Shares	1,417.2	1,224.7
For Corporate Tax on Dividend	236.9	205.5
For Other Provisions [Refer note no.19 of Schedule 19(B)]	-	45.1
	2,718.1	**2,229.1**
TOTAL	**14,517.7**	**11,892.5**

Schedules Forming Part of the Consolidated Profit and Loss Account

	Current Year Ended 31.03.2011 ₹ in million	Previous Year Ended 31.03.2010 ₹ in million
SCHEDULE 12 - SALES (GROSS)		
Sale of Goods	56,831.6	47,678.4
Sale of IP Rights	590.1	331.1
TOTAL	**57,421.7**	**48,009.5**
SCHEDULE 13 - OTHER OPERATING INCOME		
Export Benefits and other Incentives	402.0	249.4
Service Charges	381.7	332.4
Insurance Claims	30.0	41.0
Compensation and Settlement Income	217.0	58.1
Provision for Doubtful Debts no longer required written back	14.1	-
Credit balances written back	3.2	12.6
Exchange Rate Difference (net)	125.0	-
Exchange Rate Difference on translation (net)	-	209.1
Miscellaneous Income	79.0	69.0
TOTAL	**1,252.0**	**971.6**
SCHEDULE 14 - OTHER INCOME		
Dividend on Long Term Investments - Trade		
[31.03.2011 - ₹ 4,410/-, 31.03.2010 ₹ 4,410/-]		
Dividend on Long Term Investments - Non Trade	0.9	0.8
Dividend on Current Investments - Non Trade	0.1	-
Interest on Deposits with Banks	20.5	2.7
[Tax Deducted at Source ₹ 0.2 million (previous year - ₹ 0.1 million)]		
Other Interest (including interest on income tax refunds)	43.6	45.8
[Tax Deducted at Source ₹ 2.3 million (previous year - ₹ 0.7 million)]		
Profit on sale of investments in subsidiary	-	90.9
Profit on Sale of Long Term Investments - Trade	23.9	1.8
TOTAL	**89.0**	**142.0**
SCHEDULE 15 - COST OF MATERIALS / GOODS		
Raw Materials Consumed	13,591.0	10,925.8
Packing Materials Consumed	1,813.5	1,558.9
Purchase of Traded Goods	7,881.9	7,306.0
Opening stock of Finished Goods (including Traded Goods) and Work-in-Process	6,453.0	6,260.7
Add : Stock Acquired alongwith acquisition of Marketing Right	-	107.6
Add : Stock Acquired on Acquisition of a subsidiary	136.7	-
Less : Stock transferred on sale of subsidiary	-	11.8
Less : Closing stock of Finished Goods (including Traded Goods) and Work-in-Process	7,496.8	6,453.0
Increase in Stock of Finished Goods (including Traded Goods) and Work-in-Process	(907.1)	(96.5)
TOTAL	**22,379.3**	**19,694.2**

	Current Year Ended 31.03.2011 ₹ in million	Previous Year Ended 31.03.2010 ₹ in million
SCHEDULE 16 - PERSONNEL EXPENSES		
Salaries, Wages and Bonus	6,607.1	5,099.1
Contribution to Gratuity, Provident and Other Funds	737.6	488.1
Welfare Expenses	332.3	284.3
TOTAL	**7,677.0**	**5,871.5**
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES		
Processing Charges	544.9	524.4
Stores and Spares Consumed	1,567.2	1,094.2
Repairs and Maintenance:		
- Buildings	129.1	144.6
- Plant and Machinery	440.2	305.1
- Others	228.9	223.0
Rent	139.1	106.9
Rates and Taxes	123.2	114.8
Insurance	176.2	181.8
Power and Fuel	2,054.7	1,546.6
Contract Labour Charges	388.3	287.5
Excise Duty (net)	44.1	77.6
Selling and Promotion Expenses	3,665.0	3,042.7
Commission, Brokerage and Discounts	960.8	774.1
[Including cash discount of ₹ 6.4 million (previous year ₹ 5.5 million)]		
Freight and Forwarding	817.0	652.9
Lease Rent and Hire Charges	343.8	299.5
Postage and Telephone Expenses	198.2	157.7
Travelling and Conveyance	1,007.6	842.7
Legal and Professional Charges	1,229.0	847.2
[Net of recoveries of ₹ 78.7 million (previous year ₹ 143.6 million)]		
Donations	61.3	100.4
Clinical and Analytical Charges	865.4	863.7
Loss on Sale / Discard of Fixed Assets (net)	91.0	86.1
Bad Debts / Advances written off	6.8	6.9
[Net of provision of earlier year adjusted ₹ 6.5 million (previous year ₹ nil)]		
Provision for Doubtful Debts	-	34.0
Provision for diminution in value of long term investment	3.7	-
Directors Sitting Fees	1.4	1.2
Exchange Rate Difference on translation (net)	2.6	-
Exchange Rate Difference (net)	-	152.1
Miscellaneous Expenses	1,263.8	835.6
TOTAL	**16,353.3**	**13,303.3**
SCHEDULE 18 - INTEREST AND FINANCE CHARGES		
Interest on Debentures	7.0	35.5
Interest on Fixed Loans	76.0	83.1
Others	241.6	266.3
TOTAL	**324.6**	**384.9**

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

A) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements:

i) The financial statements of the subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Company, namely March 31, 2011.

ii) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006.

b) Principles of Consolidation:

i) The financial statements of the Company and its subsidiaries have been consolidated in accordance with the Accounting Standard 21 (AS 21) “Consolidated Financial Statements”, on line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra–group transactions and the unrealised profits / losses. Reference in these notes to Company, Holding Company, Companies or Group shall mean to include Lupin Limited, or any of its subsidiaries, unless otherwise stated.

ii) The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

iii) The excess of cost to the Company of its investment in the subsidiaries, on the acquisition dates over and above the Company’s share of equity in the subsidiaries, is recognised in the financial statements as Goodwill on Consolidation and carried forward in the accounts [Refer note no.15 of Schedule 19(B)]. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any is provided for.

iv) Minority Interest in the net assets of the consolidated subsidiaries consist of:

a) The amount of equity attributable to minorities as at the date on which the investment in a subsidiary is made and,

b) The Minorities share of movements in equity since the date the parent-subsidiaries relationship came in existence. The losses applicable to the minority in excess of the minority interest in the equity of the subsidiary and further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to and is able to make good the losses. If the subsidiaries subsequently reports profit, all such profits are allocated to the majority interest until the minority’s share of losses previously absorbed by the majority has been recovered.

c) Minority Interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Minority Interest in the income or loss of the Company is separately presented.

v) In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard 23 (AS 23) “Accounting for Investment in Associates in Consolidated Financial Statements”.

vi) The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profit and losses resulting from transactions between the Company and its associates, through its Profit and Loss Account to the extent such change is attributable to the associates’ Profit and Loss Account and through its reserves for the balance.

vii) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of share in the associates is identified as Goodwill or Capital Reserve, as the case may be, and included in the carrying amount of investment in the associates, and so disclosed. [Refer note no. 15 (b) of Schedule 19(B)].

viii) The difference between the proceeds from sale / disposal of investment in a subsidiary and the carrying amount of assets less liabilities as of the date of sale / disposal is recognised in the Consolidated Profit and Loss Account as the profit or loss on sale / disposal of investment in subsidiary.

c) Use of Estimates:
The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of Assets and Liabilities on the date of the financial statements and the reported amounts of Revenues and Expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the same are known / materialised.

d) Fixed Assets:
Fixed Assets are stated at cost net of cenvat, less accumulated depreciation and accumulated impairment losses, if any. Cost includes directly attributable cost of bringing the assets to their working conditions for their intended use.

e) Intangible Assets:
Intangible Assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The Intangible Assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

f) Foreign Currency Transactions / Translation:
i) Transactions denominated in foreign currency are recorded at the exchange rates prevailing at the date of transaction.

ii) Exchange differences arising on settlements during the year in respect of short term monetary items denominated in foreign currency are recognised in the Profit and Loss Account. Exchange differences arising on translation of short term monetary items denominated in foreign currency which are outstanding as at the balance sheet date are translated using the exchange rates prevailing as at the balance sheet date and are recognised in the Profit and Loss Account.

iii) In terms of Notification relating to AS 11 issued by the Ministry of Corporate Affairs in March 2009:
The exchange differences arising on translation of the "Long Term Foreign Currency Monetary Items" at the rates different from those at which they were initially recorded during the period or reported in the previous financial statements and the exchange difference on settlement of such items, in so far as such items relate to the acquisition of a depreciable capital asset, are added or deducted as the case may be, from the cost of the respective asset and depreciated over the balance life of those assets.

iv) In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of short term monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognised in the Profit and Loss Account. Any profit / loss arising on cancellation of forward exchange contract is recognised as income or expense of the year. Premium / discount arising on such forward exchange contracts is amortised as income / expense over the life of contract.

v) Foreign offices / branches:
In respect of the foreign offices / branches of the Company, which are integral foreign operations, all revenues and expenses during the year are reported at average rate. Outstanding balances in respect of monetary assets and liabilities are restated at the year-end exchange rates. Outstanding balances in respect of non monetary assets and liabilities are stated at the rates prevailing on the date of the transaction. Net gain / loss on foreign currency translation is recognised in the Profit and Loss Account.

vi) Foreign Subsidiaries:
In case of foreign subsidiaries, the local accounts are maintained in their local currency except the subsidiary company at Switzerland whose accounts are maintained in USD [Refer note no. 22 of Schedule 19 (B)]. The financial statements of the subsidiaries, whose operations are integral foreign operations for the Company, have been translated to Indian Rupees on the following basis:

i) All income and expenses are translated at the average rate of exchange prevailing during the year.

ii) Monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.

iii) Non monetary assets and liabilities are translated at historical rates.

iv) The resulting exchange difference is accounted in 'Exchange Rate Difference on Translation Account' and is charged / credited to the Profit and Loss Account.

The financial statements of subsidiaries, whose operations are non integral foreign operations for the Company, have been translated to Indian Rupees on the following basis:

i) All income and expenses are translated at the average rate of exchange prevailing during the year.

ii) Monetary and non monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.

iii) The resulting exchange difference is accounted in 'Foreign Currency Translation Reserve' and carried in the Balance Sheet.

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

g) Derivative Instruments and Hedge Accounting:
Forward and Option Contracts in the nature of highly probable forecast transactions and contracts for interest rate swaps entered into for hedging the risk of foreign currency exposures and interest related risk in respect of variable rate debts respectively are accounted based on recognition and measurement principles stated in Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurements" as issued by The Institute of Chartered Accountants of India. The amount adjusted from the Cash Flow Hedge Reserve, on the occurrence of the hedged transaction, is included in the Profit and Loss Account, against the related hedged item.

h) Investments:
Long-term investments are carried at cost which includes expenses directly incurred on acquisition of investments. Investments in equity / ordinary shares in foreign currency are stated at cost by converting at exchange rate prevailing at the time of acquisition. Provision for diminution in the value of long term investments is made only if such decline is other than temporary. Current investments are carried at lower of cost and fair value.

i) Inventories:
Stock-in-trade and Stock of consumable stores, spares and furnace oil are valued at lower of cost and net realisable value.
Cost is computed based on moving weighted average in respect of all procured materials and traded finished goods and includes appropriate share of utilities and other overheads in respect of work-in-process and finished goods. Cost also includes all charges incurred for bringing the inventories to their present location and condition.
In case of subsidiaries at USA and Philippines, cost of finished goods including traded goods, raw materials, supplies and others are computed by using the first in first out method. Cost also includes all charges incurred for bringing the inventories to their present location and condition.

j) Revenue Recognition:
i) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company.

ii) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

iii) Revenue from product sales is stated net of returns, sales tax / VAT and applicable trade discounts and allowances.

iv) Sale of Technology / Know-how (rights, licenses, dossiers and other intangibles) are recognised when performance obligation is completed and risk and rewards of ownership of the products are passed on to the customers.

v) Dividend from investment is recognised as revenue when right to receive the payments is established.

vi) Interest income is recognised on time proportionate basis.

vii) Revenue from service charges is recognised on rendering of the related services in accordance with the terms of the agreement.

k) Export Benefits:
Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.

l) Excise Duty:
Excise duty is accounted on the basis of payments made in respect of goods cleared and provision is made for goods lying in bonded warehouses.

m) Depreciation and Amortisation:
Depreciation on fixed assets is provided on straight line basis in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for the following Fixed Assets and Intangible Assets which are depreciated / amortised over their useful life (being lower than the life considering the rates prescribed in Schedule XIV to the Companies Act, 1956) as determined by the Management on the basis of technical evaluation, etc.

i) The Company

Assets	Estimated useful life
Captive Power Plant at Tarapur	15 years
Certain assets provided to employees	3 years
Leasehold Land	Over the period of lease
Intangible Assets (Computer Softwares)	6 years
Intangible Assets (Goodwill Acquired)	5 years

ii) Subsidiaries at Japan

Assets	Estimated useful life
Buildings*	7 to 38 years
Attached facilities*	3 to 18 years
Plant and Machinery and Equipments	4 to 8 years
Tools	5 years
Furniture and Fixtures	4 to 15 years
Vehicles **	5 years
Intangibles (on straight line method)	
- Marketing Rights	5 years
- Computer Softwares	5 years
- Trademark and Licences	10 years

* For assets acquired from April 1, 1998, straight line method is followed.
** Vehicles are depreciated over a period of 2-3 years on straight line basis by Amel Touhoku, 100% step down subsidiary of the Company.
For all other assets, depreciation is provided on written down value method

iii) Subsidiary at USA

Assets	Estimated useful life
Computers	3 years
Furniture and Fittings	5 years
Office and Other Equipment	7 years

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

iv) Subsidiaries at Australia

Assets	Estimated useful life
Furniture and Fixtures	10 years
Computers	3 years
Other Equipments	6.7 years
Product Licences	5 to 10 years
Trade Marks	40 years
Computer Softwares	10 years
Goodwill Acquired	5 years

v) Subsidiary at South Africa

Assets	Estimated useful life
Plant, Machinery and Equipments	5 years
Vehicles	5 years
Furniture and Fixtures	6 years
Office Equipments	5 years
Computers	3 years
Computer Softwares	2 years
Trade Marks	10 years
Dossiers/Marketing Rights	10 - 20 years *

* Considering product life cycle, market demand for products, expected usage and future economic benefits to the Company.

vi) Subsidiary at Germany

Assets	Estimated useful life
Buildings	10 – 30 years
Plant, Machinery and Equipments	5 – 15 years
Furniture and Fixtures	3 – 14 years
Computers	3 – 5 years
Computer Softwares	1 – 5 years
Marketing Rights	3 – 10 years

vii) Subsidiaries at Philippines

Assets	Estimated useful life
Leasehold improvements	2 years
Vehicles	5 years
Furniture and Fixtures	5 years
Plant, Machinery and Equipments	3 years
Computer Softwares	3 years
Marketing Rights	10 years

viii) Subsidiary at Switzerland

Assets	Estimated useful life
Computers	3 years
Marketing Rights	5 years

n) Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:
Contribution for the year paid / payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

ii) Defined Benefit and Other Long Term Benefit Plans:
Liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

b) Short-Term Employee Benefits:
Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. Short term compensated absences are provided for based on estimates in accordance with Company rules.

o) Taxes on Income:
Income Taxes are accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income". Tax expense comprises both Current Tax and Deferred Tax. Current Tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates.

Minimum Alternate Tax (MAT) credit entitlement is recognised as an asset by crediting the Profit and Loss Account to the extent there is convincing evidence that the same will be utilised and disclosing an equivalent amount as an asset under 'Loans and Advances' in accordance with Guidance Note on "Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India.

Deferred Tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted or current / substantively enacted tax rates, as applicable. At each Balance Sheet date the Company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

The deferred tax assets and deferred tax liabilities are off set if –

i) there exists a legally enforceable right to set off the assets against liabilities representing current tax and;
ii) the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

p) Operating Leases:
Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

q) Finance Leases:
Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. The rent obligations net of interest charges are reflected as secured loans.

r) Provisions, Contingent Liabilities and Contingent Assets:
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

s) Borrowing Costs:
Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

t) Stock based Compensation:
The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. the difference between the market price of the Company's shares on the date of the grant of options and the exercise price to be paid by the option holders. The compensation cost if any, is amortised uniformly over the vesting period of the options.

u) Government Grants:
Government grants 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 grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Revenue grants are recognised in the Profit and Loss Account.

v) Research and Development:
Revenue Expenditure incurred on research and development is charged to the respective heads in the Profit and Loss Account in the year it is incurred and Capital Expenditure thereon is included in the respective heads under Fixed Assets.

Expenditure on in-licensed development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

w) Impairment of Assets:
An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

B) NOTES TO CONSOLIDATED ACCOUNTS

1. The Consolidated Financial Statements present the consolidated accounts of Lupin Limited ("the Company") and the following subsidiaries and associates ("the Group"):

Name of Entities	Country of Incorporation	Proportion of Ownership Interest
Subsidiaries		
Lupin Pharmaceuticals Inc.	U.S.A	100%
Kyowa Pharmaceutical Industry Co. Ltd.	Japan	100%+
Amel Touhoku	Japan	100%*
Hormosan Pharma GmbH	Germany	100%+
Pharma Dynamics (Proprietary) Ltd.	South Africa	60%+
Lupin Australia Pty Ltd.	Australia	100%
Lupin Holdings B.V.	Netherlands	100%
Lupin Atlantis Holdings SA	Switzerland	100%+
Multicare Pharmaceuticals Philippines Inc.	Philippines	51%+
Lupin (Europe) Ltd. (from 5th June, 2009)	United Kingdom	100%
Lupin Pharma Canada Ltd. (from 18th June, 2009)	Canada	100%+
Lupin Healthcare Ltd. (from 17th March, 2011)	India	100%
Generic Health Pty Ltd. (from 27th September, 2010)	Australia	76.65%+
Bellwether Pharma Pty Ltd. (from 27th September, 2010)	Australia	76.65%#
Max Pharma Pty Ltd. (from 27th September, 2010)	Australia	76.65%#
Generic Health Inc. (from 27th September, 2010)	USA	76.65%#
Lupin Mexico SA de CV (from 23rd August, 2010)	Mexico	100%+
Lupin Philippines Inc. (from 20th December, 2010)	Philippines	100%+
Associates		
Generic Health Pty Ltd. (upto 26th September, 2010)	Australia	49.91%+
Shinko Yakuhin (upto 10th March, 2010)	Japan	25.9%**

\+ Ownership interest held through Lupin Holdings B.V. Netherlands.
* Wholly owned subsidiary of Kyowa Pharmaceutical Industry Co. Ltd., Japan.
** Ownership interest held through Kyowa Pharmaceutical Industry Co. Ltd., Japan.
\# Wholly owned subsidiaries of Generic Health Pty Ltd., Australia.

The consolidated accounts thus include the results of the aforesaid subsidiaries and associates and there are no other body corporate / entities, where the Company holds more than 50% of the share capital or where the Company can control the composition of the Board of Directors / Governing Bodies of such Companies / Entities, where the holding may be less than 50%.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, ₹ 1353.8 million (previous year ₹ 907.1 million).

3. Contingent Liabilities:

(₹ in million)

		As at 31.03.2011	As at 31.03.2010
a)	Income tax demands / matters in respect of earlier years, pending in appeals [₹ 152.4 million (previous year ₹ 90.3 million)] consequent to department preferring appeals against the orders of the Appellate Authorities passed in favour of the Company. Amount paid there against and included under Schedule 10 "Advances recoverable in cash or in kind" ₹ nil (previous year ₹ 17.5 million).	152.4	107.8
b)	Excise duty, Service tax and Sales tax demands disputed in appeals and pending decisions. Amount paid thereagainst and included under Schedule 10 ₹ 29.0 million (previous year ₹ 17.9 million).	195.1	197.1
c)	Claims against the Company not acknowledged as debts [excluding interest (amount unascertained) in respect of a claim]. Amount paid there against without admitting liability and included under Schedule 10 ₹ 76.8 million (previous year ₹ 76.5 million).	311.1	259.2
d)	Counter guarantee given to GIDC in connection with loan sanctioned by a financial institution to a company, jointly promoted by an Association of Industries (of which, the Company is a member) and GIDC.	7.5	7.5
e)	Corporate guarantee given	133.8	135.0

4. Pre-operative expenses pending capitalisation included in Capital Work-In-Progress (Schedule 5) represent directly attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same will be capitalised on completion of the projects and the commencement of commercial operations. The details of the pre-operative expenses are:

(₹ in million)

Particulars	2010-2011	2009-2010
Opening balance	90.7	68.9
Incurred during the current year :		
Salaries, allowances and contribution to funds	28.2	26.0
Professional fees	0.2	1.0
Travelling expenses	3.4	1.8
Others	20.2	28.1
Total	52.0	56.9
Less : Capitalised during the year	20.3	35.1
Closing balance	**122.4**	**90.7**

5. (i) The current tax in respect of foreign subsidiaries has been computed considering the applicable tax laws and tax rates of the respective countries, as certified by the local tax consultants / local management of the said subsidiaries.

(ii) The Deferred Tax Assets / Liabilities arising out of significant timing differences are as under:

a) Break-up of net deferred tax liabilities:

(₹ in million)

Particulars	As at 31.03.2011			As at 31.03.2010		
	Company	Subsidiary in South Africa	Total	Company	Subsidiary in South Africa	Total
Deferred Tax Liabilities:						
Depreciation and						
Amortisation	(2000.5)	(8.1)	(2008.6)	(1822.5)	(3.2)	(1825.7)
Others	(25.0)	(1.1)	(26.1)	(4.8)	(0.4)	(5.2)
Deferred Tax Assets:						
Provision for Doubtful	22.7	-	22.7	25.4	-	25.4
Debts and Advances						
VRS Compensation	74.9	-	74.9	87.7	-	87.7
Employee Benefits	86.7	-	86.7	55.7	-	55.7
Other timing differences	55.5	3.1	58.6	28.4	3.3	31.7
Net Deferred Tax Liabilities	**(1785.7)**	**(6.1)**	**(1791.8)**	**(1630.1)**	**(0.3)**	**(1630.4)**

b) Break-up of net deferred tax assets:

(₹ in million)

Particulars	As at 31.03.2011			
	Subsidiary at			
	USA	Japan	Philippines	Total
Deferred Tax Liabilities:				
Prepaid Expenses	(11.2)	-	-	(11.2)
Deferred Tax Assets:				
Depreciation	4.4	-	-	4.4
Provision for Bonus	-	38.6	-	38.6
Provision for Compensated absences	-	5.6	-	5.6
Provision for Retirement Benefits	-	32.8	6.5	39.3
Provision for Price Differential	28.2	-	-	28.2
Provision for Sales Return	86.5	-	-	86.5
Provision for Expenses	-	30.0	-	30.0
Provision for Doubtful Debts	-	-	2.6	2.6
Provision for Obsolete Inventory	-	13.8	1.7	15.5
Other timing differences	-	141.0	-	141.0
Net Deferred Tax Assets	**107.9**	**261.8**	**10.8**	**380.5**

(₹ in million)

Particulars	As at 31.03.2010			
	Subsidiary at			
	USA	Japan	Philippines	Total
Deferred Tax Liabilities:				
Depreciation	(1.1)	-	-	(1.1)
Prepaid Expenses	(9.1)	-	-	(9.1)
Deferred Tax Assets:				
Provision for Bonus	-	23.8	-	23.8
Provision for Compensated absences	-	5.1	-	5.1
Provision for Retirement Benefits	-	26.2	4.4	30.6
Provision for Price Differential	4.9	-	-	4.9
Provision for Sales Return	43.6	-	-	43.6
Provision for Expenses	-	26.4	-	26.4
Provision for Doubtful Debts	-	-	2.6	2.6
Provision for Obsolete Inventory	-	10.7	0.5	11.2
Other timing differences	0.6	56.8	-	57.4
Net Deferred Tax Assets	**38.9**	**149.0**	**7.5**	**195.4**

c) On the basis of current tax computation as referred to in note no. 5, there are no timing differences and hence no deferred tax assets / liabilities in respect of the other subsidiaries.

6. Segment Reporting :

i) Primary segment:
The Group operates exclusively in the Pharmaceutical business segment which is the only reportable business segment.

ii) Secondary segment data:

(Current year ₹ in million)

Particulars	India	USA	Japan	Others	Total
Revenue by Geographical Segment	18489.4	20458.9	6258.4	13113.5	58320.2
Carrying amount of Segment Assets	32222.2	6591.8	8518.9	8857.9	56190.8
Capital Expenditure	3640.5	31.0	353.4	675.8	4700.7

(Previous year ₹ in million)

Particulars	India	USA	Japan	Others	Total
Revenue by Geographical Segment	15604.4	17064.6	5349.2	10689.7	48707.9
Carrying amount of Segment Assets	26637.4	7897.3	7216.3	7284.7	49035.7
Capital Expenditure	4520.5	18.9	250.4	2025.4	6815.2

Notes:

a) The segment revenue in geographical segments considered for disclosure is as follows:
   i) Revenue within India includes sales to customers located within India and other operating income earned in India.
   ii) Revenue outside India includes sales to customers located outside India and other operating income outside India.

b) Segment revenue comprises:

(Current year ₹ in million)

Particulars	India	USA	Japan	Others	Total
Sales (net of excise duty)	18182.3	20080.3	6212.1	12593.5	57068.2
Other Operating Income	307.1	378.6	46.3	520.0	1252.0
Total Revenue	18489.4	20458.9	6258.4	13113.5	58320.2

(Previous year ₹ in million)

Particulars	India	USA	Japan	Others	Total
Sales (net of excise duty)	15438.7	16542.0	5340.5	10415.1	47736.3
Other Operating Income	165.7	522.6	8.7	274.6	971.6
Total Revenue	15604.4	17064.6	5349.2	10689.7	48707.9

7. Basic and Diluted Earnings per Share is calculated as under:

(₹ in million)

Particulars	2010-2011	2009-2010
Net Profit after minority interest and share of loss in associates,		
attributable to equity share holders	8625.5	6816.3
Weighted average number of Equity Shares :		
- Basic	445575264	430415765
Add : Effect of dilutive issue of FCCBs, employees stock options		
(ESOPs) - converted during the year and ESOPs outstanding		
as on 31.03.2011	2617049	7569760
- Diluted	448192313	437985525
Earnings per Share (in ₹)		
- Basic	19.36	15.84
- Diluted	19.25	15.56

Pursuant to the approval accorded at the Annual General Meeting of the members of the Company held on July 28, 2010 and upon completion of other regulatory formalities, one equity share of the Company of ₹ 10 each is sub-divided into five equity shares of ₹ 2 each fully paid up. Accordingly, the Basic and Diluted Earnings Per Share (EPS) has been restated for the previous year to give effect of the sub-division of shares in accordance with Accounting Standard 20 "Earnings Per Share".

8. Managerial Remuneration:

(₹ in million)

Particulars	2010-2011	2009-2010
Salary and Allowances	130.5	101.1
Contribution to Provident and Other Funds	14.1	10.7
Perquisites	11.5	8.5
Commission to Whole time Director	88.0	70.0
Commission to Non Executive Directors	13.2	5.0
Sitting fees to Non Executive Directors	0.9	0.8
Remuneration to Directors by subsidiary companies.	194.4	175.8
TOTAL	452.6	371.9

Notes :

i) Remuneration for the current year includes increased remuneration of the Chairman and an Executive Director w.e.f. 1st January 2011 and Managing Director and an Executive Director w.e.f. 1st July 2010 in accordance with the Shareholder's resolutions.

ii) The provision for gratuity and compensated absences is made on the basis of actuarial valuation, for all the employees of the Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.

9. a) The Company procures on lease equipments, vehicles and office premises under operating leases. These rentals recognised in the Profit and Loss Account for the year are ₹ 281.1 million (previous year ₹ 119.1 million). The future minimum lease payments and payment profile of non cancellable operating leases are as under:

(₹ in million)

Particulars	**2010-2011**	2009-2010
Not later than one year	264.1	108.5
Later than one year but not later than five years	422.0	213.6
Later than five years	-	8.3
TOTAL	**686.1**	**330.4**

b) Subsidiary companies at Japan, South Africa and Philippines have future obligations under finance lease for procurement of Plant, Machinery, Equipments and Vehicles which are payable as under:

(₹ in million)

	2010-2011		
Particulars	Present Value of minimum lease payment	Future interest cost	Minimum lease payment
Not later than one year	30.0	4.0	34.0
	(28.8)	(4.3)	(33.1)
Later than one year but not later than five years	84.1	5.4	89.5
	(93.5)	(8.3)	(101.8)
Later than five years	-	-	-
	(8.4)	(0.4)	(8.8)
TOTAL	114.1	9.4	123.5
	(130.7)	(13.0)	(143.7)

Note: Previous year figures are given in bracket.

10. Employees Stock Option Plans:

a) The Company implemented "Lupin Employees Stock Option Plan 2003" (ESOP 2003), "Lupin Employees Stock Option Plan 2005" (ESOP 2005) and "Lupin Subsidiary Companies Employees Stock Option Plan 2005" (SESOP 2005) as approved in earlier years by the Shareholders of the Company and the Remuneration / Compensation Committee of the Board of Directors. Details of the options granted during the year under the plans are as under:

Lupin Employees Stock Option Plan 2003:

Grant Date	No of Options	Exercise Price ₹	Vesting Period
August 23, 2010	25875	370.97	23.08.2010 to 31.12.2011
	25875	370.97	23.08.2010 to 31.12.2012
	60375	370.97	23.08.2010 to 31.12.2013
	60375	370.97	23.08.2010 to 31.12.2014
	172500		
March 17, 2011	12500	391.60	17.03.2011 to 30.06.2012
	12500	391.60	17.03.2011 to 30.06.2013
	12500	391.60	17.03.2011 to 30.06.2014
	12500	391.60	17.03.2011 to 30.06.2015
	50000		

Lupin Employees Stock Option Plan 2005:

Grant Date	No of Options	Exercise Price ₹	Vesting Period
August 23, 2010	27750	370.97	23.08.2010 to 31.12.2011
	27750	370.97	23.08.2010 to 31.12.2012
	64750	370.97	23.08.2010 to 31.12.2013
	64750	370.97	23.08.2010 to 31.12.2014
	185000		
December 13, 2010	50000	226.65	13.12.2010 to 12.12.2011
	50000		

Lupin Subsidiary Companies Employees Stock Option Plan 2005:

Grant Date	No of Options	Exercise Price ₹	Vesting Period
August 23, 2010	20000	370.97	23.08.2010 to 31.12.2011
	20000	370.97	23.08.2010 to 31.12.2012
	30000	370.97	23.08.2010 to 31.12.2013
	30000	370.97	23.08.2010 to 31.12.2014
	100000		

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The options have vesting periods as stated above in accordance with the vesting schedule as per the said plans with an exercise period of ten years from the respective grant dates.

The particulars of the options granted and lapsed under the Schemes are as below:

Lupin Employees Stock Option Plan 2003:

Particulars	**Year Ended March 31, 2011 Nos. (FV ₹ 2)**	Year Ended March 31, 2010 Nos. (FV ₹ 10)
Options outstanding as at the beginning of the year	1542105	361445
[Refer Note no. 7 of Schedule 19 (B)]		
Add : Options granted during the year	222500	151000
Less : Options lapsed during the year	46250	-
Less : Options exercised during the year	383255	204024
Options outstanding as at the year end	1335100	308421

Lupin Employees Stock Option Plan 2005:

Particulars	**Year Ended March 31, 2011 Nos. (FV ₹ 2)**	Year Ended March 31, 2010 Nos. (FV ₹ 10)
Options outstanding as at the beginning of the year	2184510	522019
[Refer Note no. 7 of Schedule 19 (B)]		
Add : Options granted during the year	235000	38000
Less : Options lapsed during the year	38505	23850
Less : Options exercised during the year	876655	99267
Options outstanding as at the year end	1504350	436902

Lupin Subsidiary Companies Employees Stock Option Plan 2005:

Particulars	**Year Ended March 31, 2011 Nos. (FV ₹ 2)**	Year Ended March 31, 2010 Nos. (FV ₹ 10)
Options outstanding as at the beginning of the year	759250	95600
[Refer Note no. 7 of Schedule 19 (B)]		
Add : Options granted during the year	100000	75350
Less : Options lapsed during the year	89000	14850
Less : Options exercised during the year	222114	4250
Options outstanding as at the year end	548136	151850

b) The Company has followed the intrinsic value based method of accounting for stock options granted after April 1, 2005 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plans been determined in the manner consistent with the fair value approach as described in the said Guidance Note, the Company's net income would be lower by ₹ 86.2 million (previous year ₹ 52.5 million) and earnings per share as reported would be lower as indicated below:

(₹ in million)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Net profit as reported	8625.5	6816.3
Less : Total stock-based employee compensation expense		
determined under fair value based method	93.4	57.2
Add : Total stock-based employee compensation expense		
determined under intrinsic value based method	7.1	4.7
Adjusted net profit	8539.2	6763.8
Basic earnings per share *		
- As reported (in ₹)	19.36	15.84
- Adjusted (in ₹)	19.16	15.71
Diluted earnings per share*		
- As reported (in ₹)	19.25	15.56
- Adjusted (in ₹)	19.05	15.44

* Refer note no. 7 of Schedule 19 (B)

The fair value of each option granted during the year is estimated on the date of grant based on the following assumptions:

Particulars	Grant dated August 23, 2010 from ESOP 2003 plan	Grant dated March 17, 2011 from ESOP 2003 plan	Grant dated August 23, 2010 from ESOP 2005 plan	Grant dated December 13, 2010 from ESOP 2005 plan	Grant dated August 23, 2010 from SESOP 2005 plan
Dividend yield (%)	1.36	1.36	1.36	1.36	1.36
Expected life (years)	6.45	6.25	6.45	5.50	6.35
Risk free interest rate (%)	7.90	7.94	7.90	7.93	7.89
Volatility (%)	37.64	36.81	37.64	36.67	37.52

During the year, the Board of Directors approved the "Lupin Employees Stock Option Plan 2011" and "Lupin Subsidiary Companies Employees Stock Option Plan 2011". Shareholder approvals for these plans were obtained by way of Postal Ballot, the results of which were declared on May 10, 2011.

11. Post Employment Benefits:

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. The superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, they are required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company and subsidiaries recognised ₹ 308.8 million (previous year ₹ 282.2 million) for superannuation contribution and social security in the Profit and Loss Account.

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

(ii) Defined Benefit Plan:

(A) The provident fund plan of the Company except Dabhasa plant is operated by the "Lupin Ltd Employees Provident Fund Trust" (the "Trust"). The provident fund plan of Dabhasa plant, is operated by the Government administered Employees Provident Fund Organisation. Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate.

The Guidance Note on Implementing Accounting Standard 15 (AS 15) Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefit plans involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuaries have expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company is unable to exhibit the related information. The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Obligation. Having regard to the assets of the fund and return on investments, the estimated shortfall aggregating ₹ 0.5 million has been provided for.

The Company recognised ₹ 140.8 million (previous year ₹ 103.3 million) for provident fund contributions, superannuation contribution and social security in the Profit and Loss Account.

(B) The Company makes annual contributions to the Group Gratuity cum Life Assurance Scheme administered by the LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payments to vested employees as under:

a) On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2011. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

a) The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded)	
		As on 31.03.2011	As on 31.03.2010
I)	**Reconciliation in present value of obligations (PVO)**		
	– defined benefit obligation :		
	Current service cost	30.7	22.4
	Past service cost	1.2	-
	Interest cost	20.2	15.3
	Actuarial loss	105.9	34.3
	Benefits paid	(26.6)	(11.9)
	PVO at the beginning of the year	253.2	193.1
	PVO at end of the year	384.6	253.2
II)	**Change in fair value of plan assets :**		
	Expected return on plan assets	29.1	18.5
	Actuarial gain	-	-
	Contributions by the employer	142.9	43.3
	Benefits paid	(26.6)	(11.9)
	Fair value of plan assets at beginning of the year	220.0	170.1
	Fair value of plan assets at end of the year	365.4	220.0
III)	**Reconciliation of PVO and fair value of plan assets :**		
	PVO at end of year	384.6	253.2
	Fair Value of plan assets at end of year	365.4	220.0
	Funded status	(19.2)	(33.2)
	Unrecognised actuarial gain / (loss)	-	-
	Net liability recognised in the balance sheet	(19.2)	(33.2)
IV)	**Net cost for the year ended March 31, 2011 :**		
	Current service cost	30.7	22.4
	Past Service Cost	1.2	-
	Interest cost	20.2	15.3
	Expected return on plan assets	(29.1)	(18.5)
	Actuarial loss	105.9	34.3
	Net cost	128.9	53.5
V)	**Category of assets as at March 31, 2011 :**		
	Insurer Managed Funds (100%)	365.4	220.0
	(Fund is Managed by LIC of India as per IRDA guidelines,		
	category wise composition of the plan assets is not available)		
VI)	**Actual return on the plan assets**	29.1	18.5
VII)	**Assumption used in accounting for the gratuity plan :**		
	Discount rate (%)	8.0	8.0
	Salary escalation rate (%)	6.0	6.0
	Expected rate of return on plan assets (%)	9.5	9.5

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

b) Kyowa Pharmaceutical Industry Co. Ltd., Japan

The Company's subsidiary at Japan has retirement and pension plans to cover all its employees. The plans consist of a defined benefit pension plan (upto 30.09.2010) and a retirement benefit sum payment plan (referred as "plans"). From October 1, 2010 defined benefit pension plan has been discontinued and new defined contribution pension plan has started.

Under the plans, employees are entitled to benefits based on level of salaries, length of service and certain other factors at the time of retirement or termination.

The Company makes annual contributions to a private bank to fund defined benefit pension plan (upto 30.09.2010) for qualifying employees.

The most recent actuarial valuation of plan assets (upto 30.09.2010) and the present value of the defined benefit obligation for retirement benefits, for all employees other than directors were carried out as at March 31, 2011. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Retirement allowances for directors are provided for liability of the amount that would be required if all directors retired at the balance sheet date.

The following table sets out the status of the retirement plan and the amounts recognised in the Company's financial statements as at March 31, 2011.

(₹ in million)

Sr. No	Particulars	Lump sum Retirement Benefits (Non Funded)	Pension Benefits (Funded)	Lump sum Retirement Benefits (Non Funded)	Pension Benefits (Funded)
		As on 31.03.2011		As on 31.03.2010	
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**				
	Current service cost	10.7	1.6	9.5	2.7
	Interest cost	1.2	0.3	1.2	0.6
	Actuarial loss	2.2	3.0	5.2	0.3
	Benefits paid	(0.8)	-	(9.2)	(0.9)
	Settlement caused by the plan amendment	(4.4)	(43.0)	-	-
	Past service cost	-	-	-	-
	Foreign exchange translation difference	7.8	3.7	(4.6)	(2.5)
	PVO at the beginning of the year	64.4	34.4	62.3	34.2
	PVO at end of the year	81.1	-	64.4	34.4
II)	**Change in fair value of plan assets :**				
	Expected return on plan assets	-	0.4	-	1.2
	Actuarial (loss) / gain	-	(3.9)	-	5.2
	Contributions by the employer	-	7.5	-	5.5
	Benefits paid	-	-	-	(0.9)
	Settlement caused by the plan amendment	-	(60.5)	-	-
	Foreign exchange translation difference	-	6.0	-	(3.6)
	Fair value of plan assets at beginning of the year	-	50.5	-	43.1
	Fair value of plan assets at end of the year	-	-	-	50.5

Sr. No	Particulars	Lump sum Retirement Benefits (Non Funded)	Pension Benefits (Funded)	Lump sum Retirement Benefits (Non Funded)	Pension Benefits (Funded)
		As on 31.03.2011		As on 31.03.2010	
III)	**Reconciliation of PVO and fair value of plan assets :**				
	PVO at end of year	81.1	-	64.4	34.4
	Fair Value of plan assets at end of year	-	-	-	50.5
	Funded status	(81.1)	-	(64.4)	16.1
	Unrecognised actuarial gain / (loss)	-	-	-	-
	Net asset / (liability) recognised in the balance sheet	(81.1)	-	(64.4)	16.1
IV)	**Net cost for the year ended March 31, 2011 :**				
	Current service cost	10.7	1.6	9.5	2.7
	Interest cost	1.2	0.3	1.2	0.6
	Settlement (gain) - projected benefit obligation	-	(0.4)	-	-
	Settlement losses - plan assets	(4.4)	(43.0)	-	-
	Expected return on plan assets	-	59.9	-	(1.2)
	Actuarial (gain) / losses	2.2	6.8	5.2	(4.9)
	Net cost	9.7	25.2	15.9	(2.8)
V)	**Category of assets as at March 31, 2011 :**				
	Funds managed by private bank (100%) (Category-wise composition of the Plan Assets are not available)	-	-	-	50.5
VI)	**Actual return on the plan assets**	-	0.4	-	1.2
VII)	**Assumption used in accounting for the gratuity plan :**				
	Discount rate (%)	1.6	1.8	1.9	1.9
	Salary escalation rate (%)	-	-	-	-
	Expected rate of return on plan assets (%)	-	1.5	-	2.5

Notes:

1) Liability of lump sum retirement benefit as above along with liability for retirement benefits of directors ₹ 21.4 million (previous year ₹ 15.9 million) is shown under "Provisions".

2) Net Assets under pension plan are shown under "Loans and Advances".

c) Multicare Pharmaceuticals Philippines Inc., Philippines

The Company's subsidiary at Philippines makes annual contributions to a private bank to fund defined benefit plan for qualifying employees.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for retirement benefit were carried out as at March 31, 2011. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the retirement plan and the amounts recognised in the Company's financial statements as at March 31, 2011

(₹ in million)

Sr. No	Particulars	Retirement Benefits (Funded)	
		As on 31.03.2011	As on 31.03.2010
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current service cost	3.8	0.5
	Interest cost	1.3	0.4
	Actuarial loss	3.9	4.5
	Benefits paid	(0.1)	(0.1)
	Past service cost	-	-
	Foreign exchange translation difference	0.5	(0.4)
	PVO at the beginning of the year	13.4	8.5
	PVO at end of the year	22.8	13.4
II)	**Change in fair value of plan assets :**		
	Expected return on plan assets	0.5	0.2
	Actuarial gain	1.3	0.6
	Contributions by the employer	-	3.0
	Benefits paid	(0.1)	(0.1)
	Foreign exchange translation difference	0.3	(0.3)
	Fair value of plan assets at beginning of the year	8.0	4.6
	Fair value of plan assets at end of the year	10.0	8.0
III)	**Reconciliation of PVO and fair value of plan assets :**		
	PVO at end of year	22.8	13.4
	Fair Value of plan assets at end of year	10.0	8.0
	Funded status	(12.8)	(5.4)
	Unrecognised actuarial loss	0.3	(2.3)
	Net liability recognised in the balance sheet	(12.5)	(7.7)
IV)	**Net cost for the year ended March 31, 2011 :**		
	Current Service cost	3.8	0.5
	Interest cost	1.3	0.4
	Expected return on plan assets	(0.5)	(0.2)
	Actuarial (gain) / losses	(0.1)	-
	Net cost	4.5	0.7
V)	**Category of assets as at March 31, 2011 :**		
	Investment in government securities	49%	66%
	Investment in common trust fund	43%	26%
	Investment in other securities and debt instruments	5%	6%
	Investment in loans and bill discounts	1%	1%
	Bank savings deposit	2%	1%
VI)	**Actual return on the plan assets**	0.5	0.2
VII)	**Assumption used in accounting for the gratuity plan :**		
	Discount rate (%)	7.23	9.28
	Salary escalation rate (%)	7	6
	Expected rate of return on plan assets (%)	6.5	6.5

Information of experience adjustment in respect of past four years is not available, hence not disclosed.

12. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

a. Amount receivable in foreign currency on account of the following:

Particulars	**As on 31.03.2011**		As on 31.03.2010		Foreign Currency
	₹ in million	Amount in Foreign Currency	₹ in million	Amount in Foreign Currency	
Export of goods					
	88.9	1930132	89.3	2174691	AUD
	7.0	157950	3.5	77650	ACUD
	400.2	6320950	321.1	5303652	EURO
	2610.3	58532776	1945.2	43324692	USD
Other receivable					
	₹ 35854/-	1327712	0.5	15565040	UZS
	2.0	44139	8.3	183936	USD
	2.4	1532455	1.5	1014909	RUB
	0.6	1758163	0.1	333320	KZT
	0.4	5616	-	-	GBP
	1.1	167067	1.5	234405	RMB
	0.7	122423	0.2	32731	UAH
	-	-	0.2	64450467	VND

b. Amount payable in foreign currency on account of the following:

Particulars	**As on 31.03.2011**		As on 31.03.2010		Foreign Currency
	₹ in Million	Amount in Foreign Currency	₹ in Million	Amount in Foreign Currency	
Import of goods and services					
	1143.1	25597489	1007.3	22377164	USD
	10.8	151539	3.6	52611	GBP
	174.9	2816393	115.5	1850063	EURO
	0.9	18844	0.1	2174	CHF
	-	-	₹ 2665/-	83	SGD
	13.4	25051050	0.3	667311	JPY
	1.2	25213	3.7	90884	AUD
	-	-	4.8	435374922	AZM
	₹ 45231/-	28358	0.2	115265	RUB
			0.2	4302	CAD
Secured and Unsecured loans payable					
	8984.7	201473795	6818.8	151864975	USD
Interest accrued and not due on Secured and Unsecured loans					
	3.6	81482	0.7	15916	USD

Particulars	**As on 31.03.2011**		As on 31.03.2010		Foreign Currency
	₹ in million	Amount in Foreign Currency	₹ in million	Amount in Foreign Currency	
Other payables					
	277.0	6191023	418.1	9281180	USD
	-	-	1.8	1176911	RUB
	-	-	0.7	10236	GBP
	0.5	1435134	0.2	709673	KZT
	₹ 8600/-	314574	0.2	8118064	UZS
	1.8	39720	0.6	12768	ACUD
	-	-	0.2	32680	UAH
	195.8	3983340	29.2	481951	EURO
	-	-	0.1	10211726	AZM
	-	-	₹ 43076/-	6557	RMB
	2.5	55093	0.8	17829	AUD
	3.0	61908	-	-	CHF
	0.1	14425	₹ 33470/-	5120	BWP
	-	-	0.2	101607000	VND
	-	-	0.1	1550	CAD
	0.1	7644	-	-	AED
	0.9	31209	-	-	BRL

13. Derivative Financial Instruments:

i) The Company has entered into forward and option contracts in order to hedge and manage its foreign currency exposures towards future export earnings. Such derivative contracts (including contracts for a period extending beyond the financial year 2010-11) which are in the nature of highly probable forecast transactions are entered into for hedging purposes only, and are accordingly classified as cash flow hedges.

ii) The subsidiary located at Japan has entered into Interest Rate Swap agreements as a means of hedging interest rates related risks in respect of variable rate debts.

The category wise break-up thereof is as under:

(Amounts in million)

Particulars	Foreign Currency	**As at 31.03.2011**	As at 31.03.2010
Forward contracts	USD	306.5	423.5
Forward contracts	EUR	4.0	-
Forward contracts	EUR-USD	7.0	-
Option contracts	USD	24.0	72.0
Interest rate swap contracts	JPY	94.3	211.6

The Company and the subsidiary companies based on the Announcement of The Institute of Chartered Accountants of India "Accounting for Derivatives" has accounted for derivative forward and option contracts and interest rate swap contracts at fair values, considering the principles of recognition and measurement stated in Accounting Standard (AS 30) "Financial Instruments: Recognition and Measurement" and the accounting policy followed by the Company in this respect.

The changes in the fair value of the derivative instruments during the year ended 31st March 2011, aggregating ₹ 124.6 million (previous year ₹ 3087.4 million credited) designated as effective have been debited to the Cash Flow Hedge Reserve Account and ₹ 20.3 million (previous year ₹ 13.3 million) credited to the Profit and Loss Account, being the ineffective portion thereof.

14. The aggregate amount of revenue expenditure incurred by the Company and subsidiary companies during the year on Research and Development and shown in the respective heads of account is ₹ 4834.2 million (previous year ₹ 3570.1 million).

15. a) During the year, the Company through its wholly owned subsidiary Lupin Holdings B.V., Netherlands (LHBV), acquired / subscribed to the equity stake / made capital contribution in the following:

i) Additional Investment in Hormosan Pharma GmbH, Germany (100% subsidiary of the Company) at a total cost of ₹ 220.1 million.

ii) At the beginning of the year, the Company was holding 30,199,214 shares of ₹ 326.6 million in an associate company - Generic Health Pty Ltd., Australia (GH) representing 49.91% stake in that company. During the year the Company acquired further 44,004,876 shares at a cost of ₹ 252.5 million as a result of which the aggregate holding of the company in GH has increased to 76.65%, resulting in GH becoming a subsidiary of the Company.

iii) 100% equity stake of Lupin Mexico SA de CV, Mexico at a total cost of ₹ 0.2 million.

iv) 100% equity stake of Lupin Philippines Inc., Philippines at a total cost of ₹ 9.2 million.

The above acquisitions / subscriptions are based on the net asset values, the future projected revenues, operating profits and cash flows, etc. of the investee companies.

b) Goodwill on consolidation comprises of :

(₹ in million)

Goodwill in respect of	As on 31.03.2011	As on 31.03.2010
Kyowa Pharmaceuticals Industry Co. Ltd., Japan	1912.3	1828.3
Novodigm Ltd., India*	-	218.2
Hormosan Pharma GmbH, Germany	240.6	230.1
Pharma Dynamics (Proprietary) Ltd., South Africa	766.2	732.5
Multicare Pharmaceuticals Philippines Inc., Philippines	196.3	187.7
Generic Health Pty Ltd., Australia**	139.5	-
Total	3254.9	3196.8

* Refer note no. 20 (d)

** Refer note no. 21 (b)

c) Details of Investments in an Associate (upto 26th September 2010) :

(₹ in million)

Name of associate	Investment in ordinary shares (Nos.)	Cost of Investments in ordinary shares	Amount of Goodwill at the time of acquisition	Share in accumulated loss of associate	Carrying amount of Investments at the year end / period
Generic Health Pty Ltd., Australia	48318742 (30199214)	430.6 (326.6)	110.6 (110.6)	122.2 (102.2)	-* (224.4)

Figures in bracket are for previous year

* Became a subsidiary company w.e.f. September 27, 2010.

16. Foreign Currency Translation Reserve (Schedule 2) represents the net exchange difference on translation of the financial statements of foreign subsidiaries located at Japan, Australia, Germany, South Africa, Philippines, Switzerland and Canada from their local currency to

the Indian currency. Such operations are considered as ‘non integral’ to the Company. Consequently, in accordance with the Accounting Standard (AS 11) ‘The Effects of Changes in Foreign Exchange Rates (Revised 2003)”, the exchange gain on translation of ₹ 188.2 million is credited (previous year loss of ₹ 388.4 million is debited) during the year to such reserve instead of to the Profit and Loss Account [Refer note no. 22].

17. Minority Interest represents the minority’s share in equity of the subsidiaries as below:

(₹ in million)

Particulars	As on 31.03.2011	As on 31.03.2010
Pharma Dynamics (Proprietary) Ltd., South Africa		
-Share in Equity Capital	0.2	0.2
-Share in Reserves and Surplus	396.6	207.3
	396.8	**207.5**
Multicare Pharmaceuticals Philippines Inc., Philippines		
-Share in Equity Capital	13.2	13.2
-Share in Reserves and Surplus	43.8	34.2
	57.0	**47.4**
Generic Health Pty Ltd., Australia [Refer note no. 21 (b)]		
-Share in Equity Capital	210.9	-
-Share in Reserves and Surplus	(149.6)	-
	61.3	-
Total	**515.1**	**254.9**

18. The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
Amounts due to vendors under Micro Enterprises and Small Enterprises for the year ended March 31, 2011 is ₹ 187.2 million, interest paid during the year and outstanding at the year end ₹ nil (previous year ₹ 88.5 million, interest ₹ nil).

19. Disclosures as required by Accounting Standard 29 (AS 29) “Provisions, Contingent Liabilities and Contingent Assets“

During the previous year, in accordance with the terms of ‘Asset Purchase Agreement’ entered into with the vendor, with respect to purchase of Marketing Right, the subsidiary company at Switzerland (Lupin Atlantis Holdings SA) has made provision in accordance with the provisions of AS 29 “Provisions, Contingent Liabilities and Contingent Assets” of ₹ 45.1 million on best estimate basis with regard to assumed liabilities. The disclosure of the said provision is as under:

(₹ in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Opening balance	45.1	-
Additions	-	45.1
Utilisation	38.9	-
Reversal	6.2	-
Closing balance	-	45.1

20. a) Lupin Pharmacare Limited, Lupin Herbal Limited and Novodigm Limited (wholly owned subsidiaries of the Company) had filed petitions before the Honourable High Courts of Mumbai and Gujarat for amalgamation with the Company, the appointed date being April 1, 2009.

b) Vide its order dated January 8, 2010, the Honourable High Court of Mumbai sanctioned the

Scheme of Amalgamation between Lupin Pharmacare Ltd., Lupin Herbal Ltd. and the Company subject to the order to be passed by the High Court of Gujarat sanctioning the scheme of amalgamation between Novodigm Ltd and the Company. The Scheme has been sanctioned by the Honourable High Court of Gujarat vide its order dated May 6, 2010. The Scheme is effective from May 27, 2010.

Since the transferor companies are the wholly-owned subsidiaries, there is no accounting impact of the amalgamation, in the consolidated financial statements of the Company, except for the matters stated in note no. 20 (d) and 20 (e).

c) On coming into effect from the appointed date i.e. April 1, 2009, the transferor companies stand amalgamated with the Company on a going concern basis. Pending the receipt of the order of the High Court of Gujarat, the Scheme had not been given effect to in the financial statements of the Company for the previous year ended March 31, 2010.

d) After giving effect to the accounting treatment in terms of the Scheme, the balance lying in the investment account of the Company standalone accounts aggregating to ₹ 218.1 million pertaining to purchase of Novodigm Limited (an entity acquired by the Company from its erstwhile promoters in the financial year 2007-08 which had resulted into wholly owned subsidiary - parent relationship), being goodwill, as was already reflected in the Consolidated Financial Statements (CFS) of the Company; has now been reflected as 'Goodwill' in the Schedule of "Fixed Assets" in the standalone financial statements of the Company and which is consequently so reflected in the CFS of the Company for the current year. The said Goodwill is being amortised over a period of five years.

e) As the Scheme is with effect from the appointed date, the costs in respect of amortisation of the resultant goodwill pursuant to the amalgamation of Novodigm Limited for the year ended March 31, 2010 aggregating ₹ 43.6 million has been adjusted against the opening balance in the Profit and Loss account of the Company as at April 1, 2010.

21. a) The Company through its wholly owned subsidiary at Netherlands held 100% equity stake at cost Euro 4704449 ₹ 310.7 million in Hormosan Pharma GmbH, Germany (Hormosan). The Company has made further capital contribution of ₹ 220 million during the year in the aforesaid subsidiary. The Goodwill on consolidation of the said subsidiary aggregates ₹ 240.6 million as at the year end. The said subsidiary continued to incur losses during the year and has negative networth aggregating to ₹ 116.3 million as at the end of the year. Considering the financial, technical and operational support from the Company and Hormosan's projections / plans for introducing many new products (including products from the Company) in the German Market in the near future, growth in the turnover is expected, which would result in profitability and in improvement in networth, over a period of time.

b) The Company through its wholly owned subsidiary at Netherlands has increased its stake in Generic Healthcare Pty Ltd. (GH) from 49.91% to 76.65% representing 74,204,090 shares, costing ₹ 579.1 million. Consequently, GH has become a subsidiary company. The Goodwill on consolidation of GH aggregates ₹ 139.5 million as at the year end. The Company's investment in GH is long term and strategic in nature. During the year, though, GH has incurred loss, there is an improvement in its networth as at the year end due to further capital contribution from the Company. GH has plans to introduce many new products (including products from the Company) in the Australian market in the near future. As a result of this it is expected that the company's turnover would increase leading to profitability and improvement in networth over a period of time.

Based on the above and considering that the Company's investments in these subsidiaries are held as strategic long term investments, in the opinion of the management, there is no impairment in the value of the goodwill as aforesaid and accordingly, no provision is considered necessary in this respect thereof.

c) During the previous year, a wholly owned subsidiary company located at Switzerland acquired certain assets (Manufacturing Knowhow / Product Marketing Rights, etc.) related to a product, in accordance with the terms of agreement entered into by the Company. Further, another wholly owned subsidiary of the Company located at Canada, also commenced setting up of plant and machinery related to the said product. Accordingly, pending completion of activities necessary for product availability, the said assets were included under "Capital-Work-In-Progress (CWIP)".

During the year, the aforesaid two subsidiaries initiated trial run batches of the said product, to test whether the product output is as per the desired specification. During the course of such trial runs, some technical issues were faced and these companies are working upon to resolve the same. Hence, there has been some delay in commencement of commercial production.

The Manufacturing Knowhow / Product Marketing Rights and the plant and machinery would be

available for use only upon successful resolution of such technical issues and obtaining successful trial run batches of the product. Accordingly, the said assets continue to be included under CWIP.

The Company expects successful resolution of the technical issues and commencement of commercial production shortly. Accordingly, in the opinion of the management, there is no impairment of these assets as at the balance sheet date.

22. Hitherto, the subsidiary company at Switzerland used its local currency CHF as the reporting currency for the purposes of preparation of its financial statements used by the Company for the purposes of preparation of its CFS. Since most transactions of the said subsidiary, including its cash flows and income and expenditures, are transacted in USD, the said subsidiary, with effect from the current financial year, has used USD as its reporting currency in the preparation of its financial statements. As a result of the said change, the net profit for the year on account of foreign exchange difference is higher by ₹ 523.7 million and the debit to the Foreign Currency Translation Reserve for the year in balance sheet is higher by ₹ 792.1 million.

23. Excise duty (Schedule 17) includes ₹ 2.8 million (previous year ₹ 19.8 million) being net impact of the excise duty provision on opening and closing stock.

24. During the year, the Company had issued short term MIBOR linked secured debentures, which have been repaid prior to creation of security in favour of the debenture holders, as per details below:

Party	Date of issue	Maturity date	No. of Debentures	Face Value (₹ in million)	Amount (₹ in million)
BMF Liquid Bees	06/04/2010	13/04/2010	5	50.0	250.0
Religare Mutual Fund	15/04/2010	16/04/2010	4	50.0	200.0
Deutsche Mutual Fund	28/04/2010	30/04/2010	4	50.0	200.0
Deutsche Mutual Fund	07/04/2010	30/04/2010	5	50.0	250.0
Fortis Mutual Fund	16/04/2010	03/05/2010	4	50.0	200.0
Fortis Mutual Fund	19/04/2010	03/05/2010	4	50.0	200.0
JM Financial Mutual Fund	13/04/2010	06/05/2010	6	50.0	300.0
Deutsche Mutual Fund	30/04/2010	07/05/2010	9	50.0	450.0
Religare Mutual Fund	06/05/2010	18/05/2010	6	50.0	300.0
JM Financial Mutual Fund	18/05/2010	21/05/2010	6	50.0	300.0
BMF Liquid Bees	13/04/2010	24/05/2010	4	50.0	200.0
Canara Robeco Mutual Fund	21/05/2010	25/05/2010	6	50.0	300.0
Canara Robeco Mutual Fund	06/04/2010	25/05/2010	5	50.0	250.0
Deutsche Mutual Fund	07/05/2010	25/05/2010	9	50.0	450.0
Canara Robeco Mutual Fund	25/05/2010	26/05/2010	6	50.0	300.0
Canara Robeco Mutual Fund	26/05/2010	31/05/2010	2	50.0	100.0
Canara Robeco Mutual Fund	26/05/2010	31/05/2010	4	50.0	200.0
BMF Liquid Bees	25/05/2010	02/06/2010	4	50.0	200.0

25. The Company and its wholly owned subsidiary located in USA is involved in various legal proceedings, including product liability related claims, employment claims and other regulatory matters relating to conduct of its business. The Company carries product liability insurance policy with an amount it believes is sufficient for its needs. In respect of other claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters will not have material adverse effect on its Financial Statements.

26. During the year, the Company acquired an undertaking / business unit as a going concern, from a party on slump sale basis for an agreed consideration of ₹ 195.0 million as approved by the Board, on the basis of fair valuation report of an independent valuer.

27. No borrowing cost has been capitalised during the year.

28. Information relating to Subsidiaries including subsidiaries of subsidiaries (In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8th February, 2011) for the year ended March 31, 2011

Name of the subsidiary company	Year	Lupin Pharmaceuticals Inc., USA	Kyowa Pharmaceutical Industry Co., Ltd., Japan	Lupin Australia Pty Ltd., Australia	Lupin Holdings B.V., Netherlands	Pharma Dynamics (Proprietary) Ltd., South Africa	Hormosan Pharma GmbH, Germany	Multicare Pharmaceuticals Philippines Inc., Philippines	Lupin Atlantis Holdings SA, Switzerland	Lupin (Europe) Ltd., U.K. [a]	Amel Touhoku, Japan	Lupin Pharma Canada Ltd., Canada [b]	Lupin Mexico SA de CV, Mexico	Generic Health Pty Ltd., Australia	Bellwether Pharma Pty Ltd., Australia	Generic Health Inc., U.S.A.	Max Pharma Pty Ltd., Australia [c]	Lupin Philippines Inc., Philippines	Lupin Healthcare Ltd., India
The financial year/ period ended on		Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	Year ended March 31, 2011	From August 23, 2010 to March 31, 2011	From September 27, 2010 to March 31, 2011	From September 27, 2010 to March 31, 2011	From September 27, 2010 to March 31, 2011	From September 27, 2010 to March 31, 2011	From December 20, 2010 to March 31, 2011	From March 17, 2011 to March 31, 2011
		₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹ in million	₹	₹ in million	₹ in million	₹ in million
Capital	2010-11	13.8	34.9	16.9	6,720.3	0.5	8.1	26.9	2,352.6	20.0	1.0	125.3	0.2	903.0	264.5	54	125.1	9.2	20.0
	2009-10	13.8	33.5	16.9	6,705.5	0.5	8.1	26.9	2,352.6	20.0	1.0	125.3	-	-	-	-	103.7	-	-
Reserves	2010-11	1,137.7	2,784.1	5.0	644.4	652.0	(124.4)	81.7	960.7	5.0	3.5	(2.6)	(0.1)	(211.3)	(679.2)	(54)	(133.8)	(0.9)	(1.0)
	2009-10	817.0	1,967.1	4.0	33.5	387.3	(137.3)	69.8	1,381.7	(6.5)	0.9	(5.4)	-	-	-	-	(101.9)	-	-
Total Liabilities	2010-11	9,703.4	4,052.4	0.6	137.9	535.0	529.9	190.5	651.2	106.6	75.6	0.8	-	213.7	574.4	-	49.0	0.3	1.0
	2009-10	9,071.9	3,558.6	1.7	137.3	255.0	458.6	111.5	763.6	95.5	58.8	7.9	-	-	-	-	37.4	-	-
Total Assets	2010-11	10,854.9	6,857.6	22.5	7,502.6	1,187.5	413.6	299.1	3,964.5	131.6	80.1	123.5	0.1	905.4	159.7	-	40.3	8.6	20.0
	2009-10	9,902.7	5,530.8	22.6	6,549.7	642.8	329.4	208.2	4,497.8	109.0	60.7	127.8	-	-	-	-	39.2	-	-
Investment (Other than in subsidiaries)	2010-11	-	13.8	-	-	-			-	-	-	-	-	-	-	-	-	-	-
	2009-10	-	28.4	-	326.6	-			-	-	-	-	-	-	-	-	-	-	-
Turnover (Net)	2010-11	20,080.3	6,151.8	-	580.2	1,828.6	413.5	418.2	1,749.7	118.7	198.4	-	-	3.9	87.1	-	54.9	-	-
	2009-10	16,542.0	5,281.2	0.4	37.0	1,329.1	426.4	327.6	2,808.8	76.9	173.2	-	-	-	-	-	2.9	-	-
Profit/(Loss) before Tax	2010-11	607.1	1,025.0	1.0	612.1	626.0	(185.6)	24.9	92.3	18.0	4.1	(1.4)	(0.1)	(79.2)	(20.3)	-	(2.4)	(0.9)	(1.0)
	2009-10	415.9	705.4	3.1	44.3	354.1	(127.3)	24.8	1,922.4	(3.4)	(0.1)	(4.1)	-	-	-	-	(12.1)	-	-
Provision for Tax	2010-11	286.4	329.7	-	1.2	172.7	(0.1)	7.0	8.5	6.5	0.8	-	-	-	-	-	-	-	
	2009-10	231.0	250.5		-	95.5	(0.1)	8.1	166.5	3.1	0.5	-	-	-	-	-	-	-	-
Profit/(Loss) after Tax	2010-11	320.7	695.3	1.0	610.9	453.3	(185.5)	17.9	83.8	11.5	3.3	(1.4)	(0.1)	(79.2)	(20.3)	-	(2.4)	(0.9)	(1.0)
	2009-10	184.9	454.9	3.1	44.3	258.6	(127.2)	16.7	1,755.9	(6.5)	(0.6)	(4.1)	-	-	-	-	(12.1)	-	-
Proposed dividend	2010-11	-	-	-	-	189.7	-	-	-	-	-	-	-	-	-	-	-	-	-
	2009-10	-	-	-	-	61.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Reporting Currency	2010-11	USD	JPY	AUD	Euro	ZAR	Euro	Philippines Pesos	USD	GBP	JPY	CAD	Mexican Pesos	AUD	AUD	USD	AUD	Philippines Pesos	INR
	2009-10	USD	JPY	AUD	Euro	ZAR	Euro	Philippines Pesos	CHF	GBP	JPY	CAD					AUD		
Exchange Rate as on March 31, 2011		44.60	0.54	46.09	63.32	6.57	63.32	1.03	44.60	71.67	0.54	45.95	3.81	46.09	46.09	44.60	46.09	1.03	
Exchange Rate as on March 31, 2010		44.90	0.48	41.07	60.54	6.13	60.54	1.00	42.41	68.06	0.48	44.25					41.07		

a) Previous year figures are for the period from June 5, 2009 to March 31, 2010 b) Previous year figures are for the period from June 18, 2009 to March 31, 2010 c) Previous year figures are for the period from April 1, 2009 to May 31, 2009

Notes:

1. Investment (other than in subsidiaries) in Hormosan Pharma GmbH, Germany is ₹ 31,659/- (previous year ₹ 30,270/-) and in Multicare Pharmaceuticals Philippines Inc.,Philippines. is ₹ 16,458/- (previous year ₹ 15,896/-).
2. Provision for Tax in Lupin Healthcare Ltd., India is ₹ 11,439/- (previous year ₹ nil) and in Lupin Australia Pty Ltd., Australia is ₹ nil (previous year ₹ 15,592/-)
3. The negative figures of Reserves in case of few subsidiaries are net impact of accumulated losses.
4. In compliance with Clause 32 of the Listing Agreement, audited consolidated financial statements form part of this Annual Report.
5. In respect of Novodigm Limited, Lupin Pharmacare Limited and Lupin Herbal Limited refer note no. 20 of Schedule 19 (B).
6. Full accounts of the aforesaid subsidiaries are available for inspection at the Registered Office of the Company and on request will be sent to members free of cost.

29. Related Party Disclosures, as required by AS-18 are given below :

A. Relationships -

Category I : Associates of the Company :

Shinko Yakuhin, Japan (upto 10th March 2010)

Generic Health Pty Ltd., Australia (upto 26th September 2010)

Category II : Key Management Personnel :

Dr. D. B. Gupta	Chairman
Dr. K. K. Sharma	Managing Director
Mrs. M. D. Gupta	Executive Director
Ms. Vinita Gupta	Group President and CEO of Lupin Pharmaceutical Inc., USA
Mr. Nilesh Gupta	Executive Director

Category III : Others (Relatives of Key Management Personnel and Entities in which the Key Management Personnel have control or significant influence)

Dr. Anuja Gupta

Mrs. Kavita Gupta Sabharwal

Dr. Richa Gupta

Mrs. Pushpa Khandelwal

Adhyatma Investments Pvt. Ltd. (upto 31st March 2010)

Bharat Steel Fabrication and Engineering Works

Concept Pharmaceuticals Ltd. (upto 31st March 2010)

D. B. Gupta (HUF)

Enzal Chemicals (India) Ltd.

Lupin Human Welfare and Research Foundation

Lupin International Pvt. Ltd.

Lupin Investments Pvt. Ltd.

Lupin Marketing Pvt. Ltd.

Matashree Gomati Devi Jana Seva Nidhi

Novamed Pharmaceuticals Pvt. Ltd.

Polynova Industries Ltd.

Pranik Landmark Associates (upto 3rd March 2010)

Rahas Investments Pvt. Ltd.

S N Pharma (upto 31st March 2010)

Synchem Chemicals (I) Pvt. Ltd.

Visiomed (India) Pvt. Ltd.

Zyma Laboratories Ltd.

B. Transactions with the related parties :

(₹ in million unless otherwise stated)

Sr. No.	Transactions	Associates	Key Management Personnel	Others	Total
1	Sale of Goods	43.6	-	-	43.6
		(131.3)	(-)	(13.6)	(144.9)
2	Miscellaneous Income on account of	-	-	2.5	2.5
	sale of by-products	(-)	(-)	(-)	(-)
3	Rent Expenses	-	-	102.4	102.4
		(-)	(-)	(103.6)	(103.6)
4	Business Conducting Expenses	-	-	₹ 1250/-	₹ 1250/-
		(-)	(-)	(₹ 6000/-)	(₹ 6000/-)
5	Agency Commission Expenses	4.9	-	-	4.9
		(15.2)	(-)	(20.1)	(35.3)
6	Expenses Recovered / Rent Received	-	-	1.0	1.0
		(-)	(-)	(1.6)	(1.6)
7	Remuneration Paid	-	341.0	-	341.0
		(-)	(279.6)	(-)	(279.6)
8	Purchase of Goods / Materials	-	-	44.8	44.8
		(-)	(-)	(31.2)	(31.2)
9	Donations Paid	-	-	32.4	32.4
		(-)	(-)	(35.0)	(35.0)
10	Dividend Paid	-	17.1	549.5	566.6
		(-)	(16.0)	(509.4)	(525.4)
11	Expenses Reimbursed	0.7	-	-	0.7
		(2.6)	(-)	(11.6)	(14.2)
12	Sale of Fixed Assets	-	-	-	-
		(-)	(-)	(9.0)	(9.0)
13	Purchase of Undertaking	-	-	195.0	195.0
		(-)	(-)	(-)	(-)
14	Investment during the year	103.9	-	-	103.9
		(99.7)	(-)	(-)	(99.7)
15	Loan given during the year	51.8	-	-	51.8
		(92.9)	(-)	(-)	(92.9)
16	Interest Income received	3.0	-	-	3.0
		(2.9)	(-)	(-)	(2.9)
17	Refund of Deposit for leave and licence	-	-	9.7	9.7
	arrangement for premises	(-)	(-)	(-)	(-)
18	Deposit paid for leave and licence	-	-	₹ 31500/-	₹ 31500/-
	arrangement for premises	(-)	(-)	(-)	(-)
19	Refund of Deposit given for Business	-	-	180.0	180.0
	Conducting Arrangement	(-)	(-)	(-)	(-)

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

Out of the above items transactions in excess of 10% of the total related party transactions are as under :

(₹ in million unless otherwise stated)

Sr. No.	Transactions	Related party relation	**For the year ended 31.03.2011**	For the year ended 31.03.2010
1	Sale of Goods			
	Generic Health Pty Ltd., Australia	Associate	43.6	44.6
2	Miscellaneous income on account of Sales	Others	2.5	-
	of by products Enzal Chemicals (India) Ltd.			
3	Rent Expenses			
	Lupin Investments Pvt. Ltd.	Others	82.6	83.0
	Bharat Steel Fabrication and	Others	11.0	11.9
	Engineering Works			
4	Business Conducting Expenses			
	Synchem Chemicals (I) Pvt. Ltd.	Others	₹ 1250/-	₹ 6000/-
5	Agency Commission Expenses			
	Generic Health Pty Ltd., Australia	Associate	4.9	15.2
	S N Pharma	Others	-	20.1
6	Expenses Recovered / Rent Received			
	Polynova Industries Ltd.	Others	-	1.0
	Pranik Landmark Associates	Others	-	0.6
7	Remunerations Paid			
	Dr. D. B. Gupta	Key Management Personnel	113.7	91.1
	Dr. K. K. Sharma	Key Management Personnel	82.5	64.0
	Ms. Vinita Gupta	Key Management Personnel	96.9	89.3
	Mr. Nilesh Gupta	Key Management Personnel	44.7	32.8
8	Purchase of Goods / Material			
	Enzal Chemicals (India) Ltd.	Others	44.8	31.2
9	Donations Paid			
	Lupin Human Welfare and	Others	29.4	32.3
	Research Foundation			
10	Dividend Paid			
	Lupin Marketing Pvt. Ltd.	Others	109.1	101.0
	Rahas Investments Pvt. Ltd.	Others	123.4	114.2
	Visiomed (I) Pvt. Ltd.	Others	117.5	108.8
	Zyma Laboratories Ltd.	Others	148.4	137.4
11	Expenses Reimbursed			
	Generic Health Pty Ltd., Australia	Associate	0.7	2.6
	Synchem Chemicals (I) Pvt. Ltd.	Others	-	11.0
12	Sale of Fixed Assets			
	Concept Pharmaceuticals Ltd.	Others	-	9.0
13	Purchase of Undertaking			
	Synchem Chemicals (I) Pvt. Ltd.	Others	195.0	-
14	Investment during the year			
	Generic Health Pty Ltd., Australia	Associate	103.9	99.7

Sr. No.	Transactions	Related party relation	For the year ended 31.03.2011	For the year ended 31.03.2010
15	Loan given during the year			
	Generic Health Pty Ltd., Australia	Associate	51.8	92.9
16	Interest Income received			
	Generic Health Pty Ltd., Australia	Associate	3.0	2.9
17	Refund of Deposit for leave and			
	licence arrangement for premises			
	Bharat Steel Fabrication and	Others	1.9	-
	Engineering Works			
	Lupin Investments Pvt. Ltd.	Others	7.0	-
18	Deposit paid for leave and licence			
	arrangement for premises			
	Zyma Laboratories Ltd.	Others	₹ 31500/-	-
19	Refund of Deposit given for Business			
	Conducting Arrangement			
	Synchem Chemicals (I) Pvt. Ltd.	Others	180.0	-

C. Balances due from / to the related parties :

(₹ in million)

Sr. No.	Transactions	Associates	Key Management Personnel	Others	Total
1	Deposit paid under Leave and Licence	-	-	62.0	62.0
	arrangement for Office Premises	(-)	(-)	(71.7)	(71.7)
2	Deposit given for Business	-	-	-	-
	Conducting Arrangement	(-)	(-)	(180.0)	(180.0)
3	Debtors	-	-	-	-
		(32.6)	(-)	(10.5)	(43.1)
4	Creditors	-	-	1.7	1.7
		(5.4)	(-)	(3.7)	(9.1)
5	Commission Payable	-	88.0	-	88.0
		(-)	(70.0)	-	(70.0)
6	Expenses payable	-	-	-	-
		(-)	(-)	(1.0)	(1.0)
7	Loan given	-	-	-	-
		(83.8)	(-)	(-)	(83.8)

Notes : i) Figures in brackets are for previous year.
ii) Related party relationship is as identified by the Company and relied upon by the Auditors.

30. Hitherto, the Cost of inventories of the susbidiaries located in South Africa and Switzerland was computed by first in first out (FIFO) method. From the current year, these subsidiaries have changed the cost formula used in the valuation of inventories from FIFO method to moving weighted average method, so as to fall in line with group accounting policy. There is no material impact on the inventory values and on the profit for the year, consequent to the aforesaid change.

31. The Consolidated Financial Statement includes results of operations of three new subisidaries incorporated during the year, results of one company which has become a subsidiary with effect from September 27, 2010 (earlier being an associate) and the results of operations of the entire twelve months of two subsidiaries acquired during the previous year. Accordingly, the current year figures are not strictly comparable with those of the previous year. Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

Signatures to Schedule 1 to 19

For **Lupin Limited**

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

Place : Mumbai
Dated : May 12, 2011

R. V. Satam
Company Secretary

Auditors' Report

TO THE MEMBERS OF LUPIN LIMITED

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

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

K. A. Katki
Partner
Membership No. 038568

Place : Mumbai
Dated : May 12, 2011

Annexure to the Auditors' Report

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

(i) Having regard to the nature of the Company's business / activities / result, clauses (x), (xii), (xiii), (xiv), (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
   (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:
   (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
   (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
   (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
   (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.

(viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of bulk drugs and formulations and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

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

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Service Tax and Excise Duty which have not been deposited as on March 31, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in million)
Central Excise Act, 1944	Excise duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	1997-2009	126.1
		Commissioner of Central Excise (Appeals)	1997-2009	6.2
	Service tax credit matters	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2007-2008	0.1
Central and various States' Sales Tax Acts	Sales tax	High Court, Jabalpur	2002-2003 2004-2005	5.3
		Sales Tax Tribunal	1992-1993 1993-1994 2000-2001 2002-2003 2003-2004 2004-2005 2008-2009	4.8
		Commissioner of Sales Tax (Appeals)	2003-2004	2.6
		Additional Commissioner	1994-1995 2002-2003	2.2
		Deputy Commissioner	2000-2001 2003-2004 2005-2008	11.2
		Assistant Commissioner	2001-2002 2004-2005 2005-2009 2010-2011	8.2

There were no unpaid disputed dues in respect of Income tax, Wealth tax, Customs duty and cess during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xv) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued short term MIBOR linked secured debentures of ₹ 50 million each which have been repaid prior to creation of security in favour of the debenture holders.

(xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

K. A. Katki
Partner
Membership No. 038568

Place : Mumbai
Dated : May 12, 2011

Balance Sheet

As at March 31, 2011

	Schedules	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	892.4	889.4
Reserves and Surplus	2	30,634.2	24,416.1
		31,526.6	25,305.5
Loan Funds			
Secured Loans	3	6,374.6	7,040.0
Unsecured Loans	4	3,458.3	2,028.1
		9,832.9	9,068.1
Deferred Tax Liabilities (net)		1,785.7	1,582.5
[Refer note no.5 of schedule 19(B)]			
	TOTAL	**43,145.2**	**35,956.1**
II. APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		18,843.4	16,165.2
Less : Depreciation and Amortisation		5,297.1	4,251.3
Net Block		13,546.3	11,913.9
Capital Work in Progress		4,829.0	1,408.3
		18,375.3	13,322.2
Investments	6	6,808.8	7,240.7
Current Assets, Loans and Advances			
Inventories	7	8,411.1	7,137.0
Sundry Debtors	8	12,347.5	9,165.9
Cash and Bank Balances	9	374.6	374.2
Loans and Advances	10	5,800.4	6,466.0
		26,933.6	23,143.1
Less : Current Liabilities and Provisions	11		
Current Liabilities		6,983.5	6,081.8
Provisions		1,989.0	1,668.1
		8,972.5	7,749.9
Net Current Assets		17,961.1	15,393.2
	TOTAL	**43,145.2**	**35,956.1**
Significant Accounting Policies and Notes to Accounts	19		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For **Lupin Limited**

K. A. Katki
Partner

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

Place : Mumbai
Dated : May 12, 2011

R. V. Satam
Company Secretary

Profit and Loss Account

For the year ended March 31, 2011

	Schedules	Current Year ended 31.03.2011 ₹ in million	Previous Year ended 31.03.2010 ₹ in million
INCOME			
Sales (Gross)	12	44,616.0	36,990.2
Less : Excise Duty		353.5	259.7
Sales (Net)		44,262.5	36,730.5
Other Operating Income	13	822.5	354.6
Other Income	14	29.6	41.0
		45,114.6	**37,126.1**
EXPENDITURE			
Cost of Materials / Goods	15	17,661.0	14,927.7
Personnel Expenses	16	4,912.3	3,765.5
Manufacturing and Other Expenses	17	12,785.3	10,246.8
Interest and Finance Charges	18	256.9	283.8
Depreciation and Amortisation		1,042.8	815.7
		36,658.3	**30,039.5**
Profit before Tax		**8,456.3**	**7,086.6**
Provision for Taxation			
- Current Tax (including Wealth Tax)		1,694.9	1,161.2
Less : MAT Credit Entitlement		(1,473.8)	(794.4)
- Deferred Tax Expense (net)		135.4	230.5
Net Profit after Tax		**8,099.8**	**6,489.3**
Add : Balance of Profit Brought Forward		9,945.1	6,368.5
Add : Adjustment on account of Amalgamation of Subsidiaries [Refer note no. 20 of Schedule 19(B)]		(338.9)	-
Amount Available for Appropriation		**17,706.0**	**12,857.8**
APPROPRIATIONS			
- Transfer to General Reserve		1,500.0	1,500.0
- Proposed Dividend on Equity Shares		1,338.6	1,200.7
- Dividend on Equity Shares issued after the previous year end		2.0	10.8
- Corporate Tax on Dividend		217.5	201.2
Balance of Profit Carried Forward		**14,647.9**	**9,945.1**
		17,706.0	**12,857.8**
Earnings Per Share (in ₹) [Refer note no.12 of Schedule 19(B)]			
- Basic		**18.18**	**15.08**
- Diluted		**18.07**	**14.82**
Face Value of Equity Share (in ₹)		2.00	2.00
Significant Accounting Policies and Notes to Accounts	19		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For **Lupin Limited**

K. A. Katki
Partner

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

Place : Mumbai
Dated : May 12, 2011

R. V. Satam
Company Secretary

Cash Flow Statement

For the year ended March 31, 2011

	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
	₹ in million	₹ in million
A. Cash Flow from Operating Activities		
Net Profit before Tax	8,456.3	7,086.6
Adjustments for:		
Depreciation and Amortisation	1,042.8	815.7
Loss on sale / discard of Fixed Assets (net)	92.6	74.2
Interest and Finance Charges	256.9	283.8
Interest on Fixed Deposits with Banks	(1.7)	(1.0)
Dividend on Long Term Investment - Trade		
[31.03.2011 ₹ 4,410/-, 31.03.2010 ₹ 4,410/-]		
Dividend on Current Investments - Non Trade	(0.1)	-
Provision for Doubtful Debts	-	16.5
Employee share based payment cost	7.1	4.7
Exchange (gain) / loss on revaluation of foreign currency loans	(90.7)	(257.1)
Operating Profit before Working Capital Changes	9,763.2	8,023.4
Adjustments for:		
Trade and other Receivables	(3,438.0)	(2,519.8)
Inventories	(1,049.1)	21.8
Trade Payables	887.5	847.0
Cash Generated from Operations	6,163.6	6,372.4
Direct Taxes paid (net)	(1,592.6)	(1,049.5)
Fringe Benefit Tax paid	-	2.8
Net Cash Generated from Operating Activities	**4,571.0**	**5,325.7**
B. Cash Flow from Investing Activities		
Additions to Fixed Assets / Capital Work-in-Progress	(3,710.4)	(3,321.1)
Sale of Fixed Assets	7.5	14.7
Purchase of Investments in Subsidiaries	(34.8)	(2,502.0)
Purchase of Investments - Others	(576.2)	-
Sale of Investments	570.0	-
Loans and Advances to Subsidiary Companies	-	(1,033.7)
Margin Money and Fixed Deposits with Banks	(9.4)	(2.4)
Dividend on Long Term Investment - Trade		
[31.03.2011 ₹ 4,410/-, 31.03.2010 ₹ 4,410/-]		
Dividend on Current Investments - Non Trade	0.1	-
Interest on Fixed Deposits with Banks	1.7	1.0
Net Cash Used in Investing Activities	**(3,751.5)**	**(6,843.5)**
C. Cash Flow from Financing Activities		
Proceeds from Borrowings (net)	681.7	3,238.4
Repayment of Foreign Currency Convertible Bonds	-	(64.7)
Premium on repayment of Foreign Currency Convertible Bonds	-	(12.6)
Issue of Equity Shares (ESOPs)	3.0	3.0
Securities Premium Received (ESOPs)	134.5	104.4
Interest and Finance Charges paid (net)	(244.4)	(278.1)

	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
	₹ in million	₹ in million
Dividend paid	(1,200.5)	(1,044.4)
Corporate Dividend Tax paid	(199.8)	(177.7)
Net Cash (used in) / Generated from Financing Activities	**(825.5)**	**1,768.3**
Net (decrease) / increase in Cash and Cash equivalents	**(6.0)**	**250.5**
Cash and Cash equivalents as at the beginning of the year	371.8	121.3
Cash and Cash equivalents acquired on amalgamation of Subsidiaries	3.0	-
[Refer note no. 20 of Schedule 19(B)]		
Cash and Cash equivalents as at the end of the year	**362.8**	**371.8**
Cash and Cash equivalents Comprise:		
Cash and Cheques on hand and balances with scheduled / other banks	374.6	374.2
(Refer schedule 9 to the Balance Sheet)		
Less : Margin Money Deposit / Fixed Deposit having maturity	11.8	2.4
more than 3 Months		
Cash and Cash equivalents as restated as at the year end	**362.8**	**371.8**

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) "Cash Flow Statement".
2. Cash and Cash equivalents include ₹ 13.3 million (previous year ₹ 11.1 million) being unclaimed dividend are not available for use by the Company.
3. The above Cash Flow Statement excludes assets (other than Cash and Cash equivalents) and liabilities acquired on amalgamation. [Refer note no. 20 of Schedule 19(B)].
4. Previous year figures have been regrouped wherever necessary.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

K. A. Katki
Partner

Place : Mumbai
Dated : May 12, 2011

For **Lupin Limited**

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
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Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

R. V. Satam
Company Secretary

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 1 - SHARE CAPITAL		
Authorised :		
500,000,000* Equity Shares of ₹ 2/- each (previous year 100,000,000 Equity Shares of ₹ 10/- each)	1,000.0	1,000.0
TOTAL	**1,000.0**	**1,000.0**
Issued, Subscribed and Paid-up		
446,201,189* Equity Shares of ₹ 2/- each fully paid-up (previous year 88,943,833 Equity Shares of ₹ 10/- each fully paid-up)	892.4	889.4
TOTAL	**892.4**	**889.4**

Notes :

Of the above Equity Shares-

1. 186,555,240* Equity Shares of ₹ 2/- each (previous year 37,311,048 Equity Shares of ₹ 10/- each) were allotted as fully paid-up without payment being received in cash, pursuant to the Scheme of Amalgamation with erstwhile Lupin Laboratories Limited.
2. 200,762,470* Equity Shares of ₹ 2/- each (previous year 40,152,494 Equity shares of ₹ 10/- each) have been allotted as fully paid-up bonus shares by way of capitalisation of General Reserve.
3. 40,219,555* Equity Shares of ₹ 2/- each (previous year 8,043,911 Equity Shares of ₹ 10/- each) fully paid-up have been allotted on conversion of Foreign Currency Convertible Bonds in accordance with the terms of the issue.
4. 4,513,494* Equity Shares of ₹ 2/- each (previous year 606,294 Equity Shares of ₹ 10 each) fully paid-up have been allotted pursuant to Lupin Employees Stock Option Plans. Particulars of options on unissued share capital. [Refer note no.14(a) of Schedule 19(B)]

* Number of Equity Shares are adjusted consequent to sub division of One Equity Share of face value ₹ 10/- each into Five Equity Shares of ₹ 2/- each as approved by the Shareholders on July 28, 2010. [Refer note no. 12 of Schedule 19(B)]

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve		
- Investment Subsidies from Central Government		
Balance as per last Balance Sheet	1.0	1.0
- Investment Subsidies from State Government		
Balance as per last Balance Sheet	8.2	8.2
- On restructuring of capital of the Company under the Scheme of Amalgamation		
Balance as per last Balance Sheet	254.7	254.7
	263.9	263.9
Capital Redemption Reserve		
Balance as per last Balance Sheet	126.5	126.5
Securities Premium Account		
Balance as per last Balance Sheet	5,063.5	1,731.5
Add : Addition during the year*	134.5	3,344.6
Less : Premium on redemption of Foreign Currency Convertible Bonds (net of tax of ₹ nil, previous year ₹ 6.5 million)	-	12.6
	5,198.0	5,063.5
General Reserve		
Balance as per last Balance Sheet	8,515.4	7,015.4
Add : Transferred from Profit and Loss Account	1,500.0	1,500.0
	10,015.4	8,515.4
Amalgamation Reserve		
Balance as per last Balance Sheet	317.9	317.9
Cash Flow Hedge Reserve		
Balance as per last Balance Sheet	178.4	(2,899.6)
Add : (Debited) / Credited during the year (net) (net of tax of ₹ 20.2 million, previous year ₹ 4.8 million) [Refer note no.17 of Schedule 19(B)]	(126.3)	3,078.0
	52.1	178.4
Employees Stock Options Outstanding		
Employees Stock Options Outstanding		
Balance at the beginning of the year	9.0	2.9
Add : Options granted during the year	11.3	6.1
Balance as at the year end (A)	20.3	9.0
Deferred Employees Stock Options Cost		
Balance at the beginning of the year	3.6	2.2
Add : Options granted during the year	11.3	6.1
Less : Amortisation during the year	7.1	4.7
Balance as at the year end (B)	7.8	3.6
(A-B)	12.5	5.4
Surplus as per Profit and Loss Account	14,647.9	9,945.1
TOTAL	**30,634.2**	**24,416.1**

* Represents amount received on allotment of 1,482,024 Equity Shares of ₹ 2/- each (previous year 307,541 Equity Shares of ₹ 10/- each), pursuant to "Lupin Employees Stock Option Plans" and nil (previous year 5,816,742 Equity Shares of ₹ 10/- each) on conversion of Foreign Currency Convertible Bonds in accordance with the terms of the issue. [Refer note no.14(a) of Schedule 19(B)].

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 3 - SECURED LOANS		
Working Capital Loans from Banks	6,374.6	7,040.0
TOTAL	**6,374.6**	**7,040.0**

Notes :

1. Working Capital Loans from Banks comprise of Cash Credit, Short Term Loans, Packing Credit, Post Shipment Credit, Bills Discounted and Overseas Import Credit and are secured by hypothecation of inventories and book debts and moveable current assets at godowns, depots, in course of transit or on high seas and a second charge on immovable properties and moveable assets of the Company both present and future situated at (a) Aurangabad, Pune and Tarapur in Maharashtra, (b) Ankleshwar and Dabhasa in Gujarat, (c) Mandideep and Pithampur in Madhya Pradesh, (d) Verna in Goa and (e) Bari Brahmana in Jammu and Kashmir.

2. Working Capital Loans from Banks include foreign currency loans of ₹ 6,039.2 million (previous year ₹ 5,212.3 million).

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 4 - UNSECURED LOANS		
Working Capital Loans from Banks	1,200.3	634.2
Foreign Currency Term Loans from Bank	1,783.8	960.9
Other Loans		
a) Sales Tax Deferment Loan - Government of Maharashtra	61.0	63.0
b) Loans from Council for Scientific and Industrial Research, Department of Science and Technology, Government of India	413.2	370.0
TOTAL	**3,458.3**	**2,028.1**

Notes :

1. Working Capital Loans from Banks include foreign currency loans of ₹ 1,161.8 million (previous year ₹ 634.2 million).

2. Unsecured Loans (other than working capital loans) include ₹ 38.3 million (previous year ₹ 64.9 million) repayable within one year.

SCHEDULE 5 - FIXED ASSETS

(₹ in million)

Particulars	Gross Block					Depreciation and Amortisation					Net Block	
	As at April 01, 2010	Additions on Amalgamation [4]	Additions	Deductions	As at March 31, 2011	Up to March 31, 2010	Additions on Amalgamation [4]	For the Year	Deductions	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land	70.8	11.8	1.5	-	84.1	-	-	-	-	-	84.1	70.8
Leasehold Land	315.1	86.4	138.8	-	540.3	19.3	7.5	7.8	-	34.6	505.7	295.8
Buildings	3,770.0	201.8	254.3	3.2	4,222.9	642.7	26.0	130.5	2.2	797.0	3,425.9	3,127.3
Plant, Machinery and Equipments	11,532.9	484.6	1,472.3	268.2	13,221.6	3,401.7	162.2	823.2	216.2	4,170.9	9,050.7	8,131.2
Furniture and Fixtures	352.9	16.3	83.1	23.2	429.1	116.7	4.9	29.6	22.5	128.7	300.4	236.2
Vehicles	39.9	3.5	2.0	2.9	42.5	9.6	1.6	4.1	1.9	13.4	29.1	30.3
Intangible Assets - Acquired :												
- Computer Software	83.6	-	1.2	-	84.8	61.3	-	4.0	-	65.3	19.5	22.3
- Goodwill	-	218.1	-	-	218.1	-	43.6	43.6	-	87.2	130.9	-
TOTAL	**16,165.2**	**1,022.5**	**1,953.2**	**297.5**	**18,843.4**	**4,251.3**	**245.8**	**1,042.8**	**242.8**	**5,297.1**	**13,546.3**	**11,913.9**
Previous Year	13,313.7	-	3,062.3	210.8	16,165.2	3,557.5	-	815.7	121.9	4,251.3	11,913.9	
Capital Work-in-Progress											4,829.0	1,408.3
TOTAL											**18,375.3**	**13,322.2**

Notes :

1. Cost of Buildings include cost of shares in co-operative societies of ₹ 1,000/- (previous year ₹ 1,000/-).
2. Capital Work-in-Progress includes capital advances paid, machinery under installation / in transit and construction and erection materials (including those lying with contractors) and pre-operative expenses [Refer note no.4 of Schedule 19 (B)].
3. Additions to Fixed Assets include items of fixed assets aggregating ₹ 612.9 million (previous year ₹ 720.4 million) located at Research and Development Centres of the Company.
4. Includes additions of ₹ 196.0 million and accumulated depreciation of ₹ 31.0 million for the year 2009-10. [Refer note no. 20 of Schedule 19(B)].

	Number	Face Value	As at 31.03.2011		As at 31.03.2010
			₹ in million	₹ in million	₹ in million
SCHEDULE 6 - INVESTMENTS					
Long Term Investments					
(At cost / carrying amount unless otherwise stated)					
1. In Government Securities - Unquoted (Trade)					
National Saving Certificates					
(31.03.2011 ₹ 16,000/-, 31.03.2010 ₹ 6,000/-)					
[Deposited with Government Authority					
31.03.2011 ₹ 16,000/-, 31.03.2010 ₹ 6,000/-]					
2. In Shares					
a) In Subsidiary Companies - Unquoted					
(Non Trade) In Equity / Ordinary shares					
-Novodigm Ltd., India	-	₹	-		372.9
(Including 6 shares held by nominees)	(2,384,783)	10			
[Refer note no. 20 of Schedule 19(B)]					
-Lupin Holdings B. V., Netherlands	105,829	Euro	6,720.3		6,705.5
[Refer note no. 3 of Schedule 19(B)]	(105,579)	1000			
-Lupin Pharmacare Ltd., India	-	₹	-		100.5
(Including 6 shares held by nominees)	(1,050,000)	10			
[Refer note no. 20 of Schedule 19(B)]					
-Lupin Herbal Ltd., India	-	₹	-		0.5
(Including 6 shares held by nominees)	(50,000)	10			
[Refer note no. 20 of Schedule 19(B)]					
-Lupin Pharmaceuticals Inc., USA	300,000	USD	13.8		13.8
	(300,000)	1			
-Lupin Australia Pty Ltd., Australia	500,000	AUD	16.9		16.9
	(500,000)	1			
-Lupin Healthcare Ltd., India	2,000,000	₹	20.0		-
(Including 6 shares held by nominees)	(-)	10			
-Lupin Europe Ltd., UK	251,000	GBP	20.0		20.0
	(251,000)	1			
				6,791.0	7,230.1
b) Others - Unquoted (Trade) In Equity shares					
-Biotech Consortium India Ltd., India	50,000	₹	0.5		0.5
	(50,000)	10			
-Enviro Infrastucture Co. Ltd., India	100,000	₹	1.0		-
	(-)	10			
-Bharuch Enviro Infrastructure Ltd., India	4,585	₹			
(31.03.2011 ₹ 45,850/-, 31.03.2010 ₹ 44,100/-)	(4,410)	10			
-Bharuch Eco-Acqua Infrastructure Ltd., India	1,145,190	₹	11.5		9.2
	(924,675)	10			
-Tarapur Environment Protection Society, India	48,154	₹	4.8		0.9
	(9,248)	100		17.8	10.6
TOTAL				**6,808.8**	**7,240.7**

Notes :

1) All the Investments in shares are fully paid up.

2) Investments in Mutual Fund Units purchased and sold during the year

Investment Schemes	**Face Value ₹**	**Nos.**	**Purchase Cost ₹ in million**
i) Reliance Liquidity Fund	10	9,994,902.600	100
ii) Reliance Liquidity Fund	10	24,987,256.499	250
iii) Birla Sun Life Mutual Fund	10	21,957,183.492	220

	As at 31.03.2011	As at 31.03.2010
	₹ in million	₹ in million
SCHEDULE 7 - INVENTORIES		
Stock-in-trade		
- Raw Materials	3,293.6	2,307.3
- Packing Materials	525.6	449.1
- Work-in-Process	1,794.2	1,728.8
- Finished Goods (including Traded Goods)	2,525.7	2,492.9
Consumable Stores, Spares and Fuel	272.0	158.9
TOTAL	**8,411.1**	**7,137.0**
SCHEDULE 8 - SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Good	234.9	151.5
- Considered Doubtful	70.0	70.0
	304.9	221.5
Other Debts Considered Good	12,112.6	9,014.4
	12,417.5	9,235.9
Less : Provision for Doubtful Debts	70.0	70.0
TOTAL	**12,347.5**	**9,165.9**

Note : Sundry debtors include debts due from subsidiary companies ₹ 7,440.9 million (previous year ₹ 5,476.6 million)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 9 - CASH AND BANK BALANCES		
Cash in hand [including Cheques on hand of ₹ 93.7 million (previous year ₹ 44.2 million)]	98.1	47.1
Bank Balances		
- With Scheduled Banks		
In Current Accounts	255.4	312.6
In Exchange Earners Foreign Currency Account	0.3	0.3
In Deposit Accounts [including Margin Deposits ₹ 11.3 million	14.9	8.9
(previous year ₹ 5.4 million)]		
- With Others		
In Current Accounts	5.9	5.3
[See note (ii) below]		
TOTAL	**374.6**	**374.2**

Notes :

i) The Bank balances in deposit accounts include interest accrued on fixed deposits amounting to ₹ 0.5 million (previous year ₹ 0.4 million).

ii) Bank balances in current accounts include balances with non scheduled banks as under :

(₹ in million)

Name of the Bank	**Country**	**As at**	As at	**Maximum balance during the year ended**	
		31.03.2011	31.03.2010	**31.03.2011**	31.03.2010
Bank of Foreign Trade - Vneshtorg Bank US$ A/c	Russia	0.2	1.5	4.9	2.6
Bank of Foreign Trade - Vneshtorg Bank Rouble A/c	Russia	2.4	1.5	2.8	1.9
Texaka Bank-Tenge A/c	Kazakhstan	0.6	0.1	0.6	0.7
Texaka Bank-US$ A/c	Kazakhstan	0.9	0.5	1.2	0.8
Ukreximbank UAH (31.03.2010 ₹ 35,632/-)	Ukraine	0.7		2.0	2.6
Ukreximbank US$ (31.03.2010 ₹ 15,047/-)	Ukraine	0.3		2.8	2.6
Citibank N.A.	UK	-	-	-	13.5
Citibank, Shanghai	China	0.8	1.4	1.4	1.6
Shanghai Bank, Shanghai	China			0.4	0.2
(31.03.2011 ₹ 25,882/-, 31.03.2010 ₹ 809/-)					
National Bank - Uzbekistan US$ A/c (31.03.2011 ₹ 15,707/-)	Uzbekistan		0.3	0.5	0.3
National Bank - Uzbekistan UZ$ A/c (31.03.2011 ₹ 19,406/-)	Uzbekistan		-	0.1	-
Standard Chartered Bank-US$ A/c	Vietnam			0.3	0.3
(31.03.2011 ₹ 15,067/-, 31.03.2010 ₹ 2,055/-)					
Standard Chartered Bank-VND A/c	Vietnam	-	-	-	0.1

	As at 31.03.2011 ₹ in million	As at 31.03.2010 ₹ in million
SCHEDULE 10 - LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Loans and Advances to Subsidiary Companies	-	2,259.3
Advances recoverable in cash or in kind or for value to be received		
- Considered Good (refer note below)	2,948.8	2,753.4
- Considered Doubtful	-	6.5
	2,948.8	2,759.9
Less : Provision for Doubtful Advances	-	6.5
	2,948.8	2,753.4
Note :		
Includes fair value of foreign exchange forward contracts 31.03.2011 ₹ 373.9 million, (previous year ₹ 672.2 million)		
Deposits	277.6	405.0
Balances with Customs and Excise Authorities	35.4	15.2
Advance payment of Income Tax [net of Provision of ₹ 1,151.1 million (previous year ₹ 516.0 million)]	36.3	4.5
Advance payment of Fringe Benefit Tax [net of Provision of ₹ nil (previous year ₹ 264.0 million)]	-	4.8
MAT Credit Entitlement	2,502.3	1,023.8
TOTAL	5,800.4	6,466.0
SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	814.0	902.8
Sundry Creditors		
- Total outstanding dues of Micro Enterprises and Small Enterprises [Refer note no. 19 of Schedule 19(B)]	187.2	88.3
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises [includes ₹ 512.7 million (previous year ₹ 551.8 million) due to Subsidiary Companies]	5,403.3	4,323.6
Other Liabilities (refer note below)	498.5	701.0
Interest Accrued but not due on loans	65.1	52.1
Unclaimed Dividend *	13.3	11.1
Unclaimed Matured Fixed Deposits *	1.5	1.9
Unclaimed Interest Warrants *	0.6	1.0
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
	6,983.5	6,081.8
Note :		
Other Liabilities includes fair value of foreign exchange forward and currency option contracts 31.03.2011 ₹ 322.9 million (previous year ₹ 535.4 million)		
Provisions		
For Gratuity	19.2	31.1
For Compensated Absences	290.3	215.3
For Taxation (including Wealth Tax) [net of Advance Tax of ₹ 1,721.3 million (previous year ₹ 1,186.7 million)]	123.7	21.6
For Proposed Dividend on Equity Shares	1,338.6	1,200.7
For Corporate Tax on Dividend	217.2	199.4
	1,989.0	1,668.1
TOTAL	8,972.5	7,749.9

	Current Year ended 31.03.2011 ₹ in million	Previous Year ended 31.03.2010 ₹ in million
SCHEDULE 12 - SALES (GROSS)		
Sale of Goods	44,036.5	36,660.6
Sale of IP Rights	579.5	329.6
TOTAL	44,616.0	36,990.2
SCHEDULE 13 - OTHER OPERATING INCOME		
Export Benefits and other Incentives	402.0	249.4
Insurance Claims	30.0	8.9
Compensation and Settlement Income	213.3	51.8
Credit balances written back	1.1	-
Exchange Rate Difference (net)	136.2	-
Miscellaneous Income	39.9	44.5
TOTAL	822.5	354.6
SCHEDULE 14 - OTHER INCOME		
Dividend on Long Term Investments - Trade		
[31.03.2011 ₹ 4,410/-, 31.03.2010 ₹ 4,410/-]		
Dividend on Current Investments - Non Trade	0.1	-
Interest on Fixed Deposits with Banks	1.7	1.0
[Tax Deducted at Source ₹ 0.2 million (previous year ₹ 0.1 million)]		
Other Interest (including interest on income tax refunds)	27.8	40.0
[Tax Deducted at Source ₹ 2.3 million (previous year ₹ 0.6 million)]		
TOTAL	29.6	41.0
SCHEDULE 15 - COST OF MATERIALS / GOODS		
Raw Materials Consumed	12,268.4	9,533.2
Packing Materials Consumed	1,555.8	1,312.2
Purchase of Traded Goods	3,841.9	4,062.5
Opening Stock:		
Finished Goods (including Traded Goods)	2,492.9	2,407.7
Work-in-Process	1,728.8	1,833.8
Acquired on amalgamation [Refer note no. 20 of Schedule 19 (B)]:		
Finished Goods (including Traded Goods)	51.7	-
Work-in-Process	41.4	-
	4,314.8	4,241.5
Closing Stock:		
Finished Goods (including Traded Goods)	2,525.7	2,492.9
Work-in-Process	1,794.2	1,728.8
	4,319.9	4,221.7
(Increase) / Decrease in Stock of Finished Goods (including Traded Goods) and Work-in-Process	(5.1)	19.8
TOTAL	17,661.0	14,927.7
SCHEDULE 16 - PERSONNEL EXPENSES		
Salaries, Wages and Bonus	4,180.1	3,260.8
Contribution to Provident, Gratuity and Other Funds	467.0	284.5
Welfare Expenses	265.2	220.2
TOTAL	4,912.3	3,765.5

	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
	₹ in million	₹ in million
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES		
Processing Charges	284.0	227.3
Stores and Spares Consumed	1,545.7	1,059.8
Repairs and Maintenance:		
- Buildings	116.5	132.1
- Plant and Machinery	337.2	210.0
- Others	205.4	175.7
Rent	80.3	56.5
Rates and Taxes	85.4	67.7
Insurance	141.9	118.6
Power and Fuel	1,968.3	1,416.8
Contract Labour Charges	372.3	258.1
Excise Duty (net)	44.1	79.0
Selling and Promotion Expenses	3,101.9	2,746.7
Commission, Brokerage and Discount	686.3	560.7
[Including cash discount of ₹ 6.4 million (previous year ₹ 5.5 million)]		
Freight and Forwarding	379.2	282.3
Lease Rent and Hire Charges	258.0	210.1
Postage and Telephone Expenses	138.3	108.9
Travelling and Conveyance	689.9	582.1
Legal and Professional Charges	975.1	649.6
[Net of recoveries of ₹ 78.7 million (previous year ₹ 143.6 million)]		
Donations	54.4	100.1
Clinical and Analytical Charges	520.4	456.1
Loss on Sale / Discard of Fixed Assets (net)	92.6	74.2
Bad Debts / Advances written off	5.0	6.2
[Net of provision of earlier year adjusted ₹ 6.5 million (previous year ₹ nil)]		
Provision for Doubtful Debts	-	16.5
Directors Sitting Fees	0.9	0.8
Exchange Rate Difference (net)	-	213.2
Miscellaneous Expenses	702.2	437.7
TOTAL	**12,785.3**	**10,246.8**
SCHEDULE 18 - INTEREST AND FINANCE CHARGES		
Interest on Debentures	7.0	35.5
Interest on Fixed Loans	35.9	33.5
Others	214.0	214.8
TOTAL	**256.9**	**283.8**

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

A) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements:
The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and Accounting Standards (AS) as notified by the Companies (Accounting Standards) Rules, 2006.

b) Use of Estimates:
The preparation of financial statements requires estimates and assumptions that affect the reported amount of Assets and Liabilities on the date of the financial statements and the reported amount of Revenues and Expenses during the reporting period. Differences between the actual results and the estimates are recognised in the period in which the same are known / materialised.

c) Fixed Assets:
Fixed Assets are recorded and stated at cost, net of cenvat, less accumulated depreciation and accumulated impairment losses, if any. Cost includes directly attributable cost of bringing the assets to their working conditions for their intended use.

d) Intangible Assets:
Intangible Assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The Intangible Assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

e) Foreign Currency Transactions / Translation:

i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction.

ii) Exchange differences arising on settlements during the year in respect of short term monetary items denominated in foreign currency are recognised in the Profit and Loss Account. Exchange differences arising on translation of short term monetary items denominated in foreign currency which are outstanding as at the balance sheet date are translated using the exchange rates prevailing as at the balance sheet date and are recognised in the Profit and Loss Account.

iii) In terms of the Notification relating to AS 11 issued by the Ministry of Corporate Affairs in March 2009, the exchange differences arising on translation of the "Long Term Foreign Currency Monetary Items" at the rates different from those at which they were initially recorded during the period or reported in the previous financial statements and the exchange difference on settlement of such items, in so far as such items relate to the acquisition of a depreciable capital asset, are added or deducted as the case may be, from the cost of the respective asset and depreciated over the balance life of those assets.

iv) In case of forward exchange contracts entered into to hedge the foreign currency exposure in respect of short term monetary items, the difference between the exchange rate on the date of such contracts and the year end rate is recognised in the Profit and Loss Account. Any profit / loss arising on cancellation of forward exchange contract is recognised as income or expense of the year. Premium / discount arising on such forward exchange contracts is amortised as income / expense over the life of contract.

v) Foreign offices / branches:
In respect of the foreign offices / branches, which are integral foreign operations, all

revenues and expenses during the year are reported at average rates. Outstanding balances in respect of monetary assets and liabilities are restated at the year end exchange rates. Outstanding balances in respect of non monetary assets and liabilities are stated at the rates prevailing on the date of the transaction. Net gain / loss on foreign currency translation is recognised in the Profit and Loss Account.

f) Derivative instruments and hedge accounting:
Forward and Option Contracts in the nature of highly probable forecast transactions entered into by the Company for hedging the risks of foreign currency exposures are accounted based on recognition and measurement principles stated in Accounting Standard 30 (AS 30) "Financial Instruments: Recognition and Measurements" as issued by The Institute of Chartered Accountants of India. The amount adjusted from the Cash Flow Hedge Reserve, on the occurrence of the hedged transaction, is included in the Profit and Loss Account, against the related hedged item.

g) Investments:
Long term investments are carried at cost which includes expenses directly incurred on acquisition of investments. Investments in equity / ordinary shares in foreign currency are stated at cost by converting at exchange rate prevailing at the time of acquisition. Provision for diminution in the value of long term investments is made only if such decline is other than temporary. Current investments are carried at lower of cost and fair value.

h) Inventories:
Stock-in-trade and stock of consumable stores, spares and furnace oil are valued at lower of cost and net realisable value. Cost is computed based on moving weighted average in respect of all procured materials and traded finished goods and includes appropriate share of utilities and other overheads in respect of work-in-process and finished goods. Cost also includes all charges incurred for bringing the inventories to their present location and condition.

i) Revenue recognition:

i) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company.

ii) Revenue (including in respect of insurance or other claims, interest, etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

iii) Revenue from product sales is stated net of returns, sales tax / VAT and applicable trade discounts and allowances.

iv) Sale of Technology / Know-how (rights, licenses, dossiers and other intangibles) are recognised when performance obligation is completed and risk and rewards of ownership of the products are passed on to the customers.

v) Dividend from investment is recognised as revenue when right to receive the payments is established.

vi) Interest income is recognised on time proportionate basis.

j) Export Benefits:
Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.

k) Excise Duty:
Excise duty is accounted on the basis of payments made in respect of goods cleared and provision is made for goods lying in bonded warehouses.

l) Depreciation and Amortisation:
Depreciation on fixed assets is provided on straight line basis in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for the following Fixed Assets and Intangible Assets which are depreciated / amortised over their useful life (being lower than the life considering the rates prescribed in Schedule XIV to the Companies Act, 1956) as determined by the Management on the basis of technical evaluation, etc.

Assets	**Estimated useful life**
Captive Power Plant at Tarapur	15 years
Certain assets provided to employees	3 years
Leasehold Land	Over the period of lease
Intangible Assets (Computer Software)	6 years
Intangible Assets (Goodwill - Acquired)	5 years

m) Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:
Company's contribution for the year paid / payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

ii) Defined Benefit and Other Long Term Benefit Plans:
Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

b) Short Term Employee Benefits:
Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. Short term compensated absences are provided for based on estimates in accordance with Company rules.

n) Taxes on Income:
Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income". Tax expense comprises both Current Tax and Deferred Tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates.

Minimum Alternate Tax (MAT) credit entitlement is recognised as an asset by crediting the Profit and Loss Account to the extent there is convincing evidence that the same will be utilised and disclosing an equivalent amount as an asset under 'Loans and Advances' in accordance with Guidance Note on "Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India.

Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at current / substantively enacted tax rates, as applicable. At each balance sheet date the company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

o) Operating Leases:
Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

p) Provisions, Contingent Liabilities and Contingent Assets:
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

q) Borrowing Costs:
Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

r) Stock based Compensation:
The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. the difference between the market price of the Company's shares on the date of the grant of options and the exercise price to be paid by the option holders. The compensation cost, if any is amortised uniformly over the vesting period of the options.

s) Government Grants:
Government grants 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 grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Revenue grants are recognised in the Profit and Loss Account.

t) Research and Development:
Revenue expenditure incurred on research and development is charged to the respective heads in the Profit and Loss Account in the year it is incurred and capital expenditure thereon is included in the respective heads under Fixed Assets.

u) Impairment of Assets:
An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

B) NOTES TO ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, ₹ 1278.0 million (previous year ₹ 525.2 million).

2. Contingent Liabilities:

(₹ in million)

		As at 31.03.2011	As at 31.03.2010
a)	Income tax demands / matters in respect of earlier years, pending in appeals [₹ 152.4 million (previous year ₹ 90.3 million)] consequent to department preferring appeals against the orders of the Appellate Authorities passed in favour of the company. Amount paid there against and included under Schedule 10 "Advances recoverable in cash or in kind" ₹ Nil (previous year ₹ 17.5 million).	152.4	107.8
b)	Excise duty, Service tax and Sales tax demands disputed in appeals and pending decisions. Amount paid thereagainst and included under Schedule 10 ₹ 29.0 million (previous year ₹ 17.9 million).	195.1	194.7
c)	Claims against the Company not acknowledged as debts [excluding interest (amount unascertained) in respect of a claim]. Amount paid thereagainst without admitting liability and included under Schedule 10 ₹ 76.8 million (previous year ₹ 76.5 million).	311.1	258.5
d)	Counter guarantee given to GIDC in connection with loan sanctioned by a financial institution to a company, jointly promoted by an Association of Industries (of which, the Company is a member) and GIDC.	7.5	7.5
e)	Guarantees given in respect of standby letter of credit issued by the Company's bankers in connection with the credit facilities to its subsidiaries aggregating ₹ 221.6 million (previous year ₹ 181.6 million).	214.4	151.2
f)	Letter of comfort issued by the Company towards the credit facilities sanctioned by the bankers of subsidiary companies aggregating ₹ 102.9 million (previous year ₹ 620.4 million).	37.5	254.8
g)	Corporate guarantee given in respect of credit facility sanctioned by the bankers of subsidiary companies aggregating ₹ 78.2 million (previous year ₹ 40.5 million).	26.9	27.7
h)	Other corporate guarantee given	133.8	135.0

3. During the year, the Company through its wholly owned subsidiary Lupin Holdings B.V., Netherlands, acquired / subscribed to the equity stake of the following subsidiaries:

   i) Additional Investment in Hormosan Pharma GmbH, Germany (100% subsidiary of the Company) at a total cost of ₹ 220.1 million.
   ii) Additional Investment in Generic Health Pty Ltd., Australia (GH) at a total cost of ₹ 252.5 million, as a result of which GH becomes subsidiary of the Company with total holding of the Company in GH at 76.65%.
   iii) 100% equity stake of Lupin Mexico SA de CV, Mexico at a total cost of ₹ 0.2 million.
   iv) 100% equity stake of Lupin Philippines Inc., Philippines at a total cost of ₹ 9.2 million.

   The above acquisitions / subscriptions are based on the net assets values, the future projected revenues, operating profits and cash flows, etc. of the investee companies.

4. Pre-operative expenses pending capitalisation included in Capital work-in-progress (Schedule 5) represent direct attributable expenditure for setting up of plants prior to the date of commencement of commercial production. The same will be capitalised on completion of projects and the commencement of commercial operations. The details of the pre-operative expenses are:

(₹ in million)

Particulars	2010-2011	2009-2010
Opening balance	12.7	13.5
Addition on Amalgamation	78.0	-
Incurred during the current year:		
Salaries, allowances and contribution to funds	28.2	22.9
Professional fees	0.2	0.1
Travelling expenses	3.4	1.7
Others	20.2	9.6
Total	52.0	47.8
Less : Capitalised during the year	20.3	35.1
Closing balance	**122.4**	**12.7**

5. The Deferred Tax Assets / (Liabilities) arising out of significant timing differences are as under:

(₹ in million)

Particulars	As at 31.03.2011	As at 31.03.2010
Deferred Tax Liabilities:		
Depreciation	(2000.5)	(1769.6)
Others	(25.0)	(4.8)
Deferred Tax Assets:		
Provision for doubtful debts and advances	22.7	25.4
VRS Compensation	74.9	87.7
Employee Benefits	86.7	55.7
Others	55.5	23.1
Net Deferred Tax Liabilities	**(1785.7)**	**(1582.5)**

6. Segment Reporting:
The Company has presented data relating to its segments based on its consolidated financial statements, which are presented in the same Annual Report. Accordingly, in terms of paragraph 4 of the provisions of Accounting Standard 17 (AS 17) “Segment Reporting”, no disclosures related to segments are presented in this standalone financial statement.

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

7. Additional information pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

a) Consumption of Raw Materials:

		2010-2011		2009-2010	
Item	Unit	Quantity	(₹ in million)	Quantity	(₹ in million)
DL2 (RECEMIC)	M.T.	1432.9	748.9	1418.4	774.6
PEN G	M.T.	4811.0	2165.2	4397.9	1692.6
Others			9354.3		7066.0
TOTAL			**12268.4**		**9533.2**

b) Value of Imported and Indigenous consumption:

i) Consumption of Raw Materials:

	2010-2011		2009-2010	
	%	(₹ in million)	%	(₹ in million)
Imported	42.6	5224.5	44.7	4264.2
Indigenous	57.4	7043.9	55.3	5269.0
TOTAL	**100.0**	**12268.4**	**100.0**	**9533.2**

ii) Consumption of Stores and Spares:

	2010-2011		2009-2010	
	%	(₹ in million)	%	(₹ in million)
Imported	5.5	85.0	7.3	77.8
Indigenous	94.5	1460.7	92.7	982.0
TOTAL	**100.0**	**1545.7**	**100.0**	**1059.8**

c) CIF Value of Imports:

(₹ in million)

		2010-2011	2009-2010
i)	Capital Goods	571.6	519.9
ii)	Raw Materials	5873.9	4456.3
iii)	Packing Materials	291.9	307.0
iv)	Purchase of Traded Goods	186.9	164.3
v)	Consumable, Stores and Spares	239.5	199.4
	TOTAL	**7163.8**	**5646.9**

d) Expenditure in Foreign currencies (subject to deduction of tax where applicable) on account of:

(₹ in million)

		2010-2011	2009-2010
i)	Interest	46.3	33.3
ii)	Travelling	30.4	33.6
iii)	Commission	221.5	179.7
iv)	Selling and Promotion expenses	1250.4	1235.2
v)	Clinical and Analytical charges	6.0	31.5
vi)	Legal and Professional Charges (net of recoveries)	761.8	494.7
vii)	Personnel Expenses	105.3	101.5
viii)	Others	396.6	125.4
	TOTAL	**2818.3**	**2234.9**

e) Earnings in Foreign Exchange on account of:

(₹ in million)

		2010-2011	2009-2010
i)	FOB value of Exports	25230.4	20787.2
ii)	Deemed Exports	298.2	218.3
iii)	Sale of IP Rights	579.5	329.6
iv)	Reimbursement of freight and insurance on Exports	215.3	143.9
v)	Compensation and Settlement Income	213.3	51.8
vi)	Others	9.5	1.1
	TOTAL	**26546.2**	**21531.9**

8. Remittance in Foreign currency on account of dividend:
The Company has paid dividend in respect of shares held by Non-Resident Shareholders on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non Resident External A/c (NRE A/c). The total amount remittable in this respect is given below:

Year to which the dividend relates	2009-2010	2008-2009
Number of non-resident shareholders	691	429
Number of shares held by them	17211675	12137680
Amount of dividend (₹ in million)	232.4	151.7

Note: The Company does not have any information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by non-resident shareholders.

9. a) Managerial Remuneration:

(₹ in million)

	2010-2011	2009-2010
Salary and Allowances	130.5	101.1
Contribution to Provident and Other Funds	14.1	10.7
Perquisites	11.5	8.5
Commission to Whole time Director	88.0	70.0
Commission to Non Executive Directors	13.2	5.0
Sitting fees to Non Executive Directors	0.9	0.8
TOTAL	**258.2**	**196.1**

Notes:

(i) Above amount does not include remuneration paid by a wholly owned foreign subsidiary company to a director aggregating ₹ 96.9 million (previous year ₹ 89.3 million).

(ii) Remuneration for the current year includes increased remuneration of the Chairman and an Executive Director w.e.f. 1st January 2011 and Managing Director and an Executive Director w.e.f. 1st July 2010 in accordance with the Shareholder's resolutions.

(iii) The provision for gratuity and compensated absences is made on the basis of actuarial valuation for all the employees of the Company, including for the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

b) Computation of Net Profits under Section 349 of the Companies Act, 1956 and commission payable to Whole-time Director / Non Executive Directors:

(₹ in million)

Particulars	2010-2011	2009-2010
Profit before tax	8456.3	7086.6
Add :		
i) Loss on sale / discard of fixed assets (net)	92.6	74.2
ii) Provision for doubtful debts	-	16.5
iii) Directors remuneration	258.2	196.1
Net Profit as per Section 349/350	**8807.1**	**7373.4**
Commission (as approved and restricted by the Board of Directors)		
- To Executive Chairman (Whole Time Director)	88.0	70.0
- To Non Executive Directors	13.2	5.0

10. Auditors' Remuneration:

(₹ in million)

	2010-2011*	2009-2010*
Payment to Auditors:		
a) As Auditors	7.7	7.2
b) in respect of Taxation matters**	5.8	4.0
c) for other services – Certifications	1.4	0.2
d) Reimbursement of out-of-pocket expenses (2010-11 ₹ 60,121/-) (2009-10 ₹ 38,247/-)		
TOTAL	**14.9**	**11.4**

* Excluding service tax.

** Includes payment for taxation matters to an affiliated firm covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

11. The Company procures on lease, equipments, vehicles and office premises under operating leases. These rentals recognised in the Profit and Loss Account for the year are ₹ 195.3 million (previous year ₹ 46.7 million). The future minimum lease payments and payment profile of non cancellable operating leases are as under:

(₹ in million)

	2010-2011	2009-2010
Not later than one year	197.4	39.4
Later than one year but not later than five years	292.0	37.5
Later than five years	-	-
TOTAL	**489.4**	**76.9**

12. Basic and Diluted Earnings per Share is calculated as under:

(₹ in million)

	2010-2011	2009-2010
Profit attributable to Equity Shareholders	8099.8	6489.3
Weighted average number of Equity Shares :		
- Basic	445575264	430415765
Add : Effect of dilutive issue of FCCBs, employees stock options (ESOPs), - converted during the year and ESOPs outstanding as on 31.03.2011	2617049	7569760
- Diluted	448192313	437985525
Earnings per Share (in ₹)		
- Basic	18.18	15.08
- Diluted	18.07	14.82

Pursuant to the approval accorded at the Annual General Meeting of the members of the Company held on July 28, 2010 and upon completion of other regulatory formalities, one equity share of the Company of ₹ 10 each is sub-divided into five equity shares of ₹ 2 each fully paid up. Accordingly, the Basic and Diluted Earnings Per Share (EPS) has been restated for the previous year to give effect of the sub-division of shares in accordance with Accounting Standard 20 "Earnings Per Share".

13. Details of loans and advances in the nature of loans as per the requirements under clause 32 of the Listing Agreement with Stock Exchanges:

(₹ in million)

Name of the company	Nature of relationship	Amount outstanding as at 31.03.2011	Maximum amount outstanding during the year
Novodigm Limited	Wholly-owned subsidiary	- (200.0)	- * (200.0)
Lupin Pharmacare Limited	Wholly-owned subsidiary	- (2059.3)	- * (2059.3)

* Refer note no. 20

Notes :

i) The above loans are interest free, long term, repayable on demand.

ii) The loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license / lease basis, against business conducting agreements, have not been considered.

iii) There are no investments by loanees in the shares of the Parent Company and /or the subsidiary companies.

iv) Previous year figures are given in brackets.

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

14. Employees Stock Option Plans:

a) The Company implemented "Lupin Employees Stock Option Plan 2003" (ESOP 2003), "Lupin Employees Stock Option Plan 2005" (ESOP 2005) and "Lupin Subsidiary Companies Employees Stock Option Plan 2005" (SESOP 2005) as approved in earlier years by the Shareholders of the Company and the Remuneration / Compensation Committee of the Board of Directors. Details of the options granted during the year under the plans are as under:

Lupin Employees Stock Option Plan 2003:

Grant Date	No. of Options	Exercise Price ₹	Vesting Period
August 23, 2010	25875	370.97	23.08.2010 to 31.12.2011
	25875	370.97	23.08.2010 to 31.12.2012
	60375	370.97	23.08.2010 to 31.12.2013
	60375	370.97	23.08.2010 to 31.12.2014
	172500		
March 17, 2011	12500	391.60	17.03.2011 to 30.06.2012
	12500	391.60	17.03.2011 to 30.06.2013
	12500	391.60	17.03.2011 to 30.06.2014
	12500	391.60	17.03.2011 to 30.06.2015
	50000		

Lupin Employees Stock Option Plan 2005:

Grant Date	No. of Options	Exercise Price ₹	Vesting Period
August 23, 2010	27750	370.97	23.08.2010 to 31.12.2011
	27750	370.97	23.08.2010 to 31.12.2012
	64750	370.97	23.08.2010 to 31.12.2013
	64750	370.97	23.08.2010 to 31.12.2014
	185000		
December 13, 2010	50000	226.65	13.12.2010 to 12.12.2011
	50000		

Lupin Subsidiary Companies Employees Stock Option Plan 2005:

Grant Date	No. of Options	Exercise Price ₹	Vesting Period
August 23, 2010	20000	370.97	23.08.2010 to 31.12.2011
	20000	370.97	23.08.2010 to 31.12.2012
	30000	370.97	23.08.2010 to 31.12.2013
	30000	370.97	23.08.2010 to 31.12.2014
	100000		

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The options have vesting periods as stated above in accordance with the vesting schedule as per the said plans with an exercise period of ten years from the respective grant dates.

The particulars of the options granted and lapsed under the Schemes are as below:

Lupin Employees Stock Option Plan 2003:

Particulars	**Year Ended 31.03.2011 Nos. (FV ₹ 2)**	Year Ended 31.03.2010 Nos. (FV ₹ 10)
Options outstanding as at the beginning of the year	1542105	361445
[Refer note no. 12 of Schedule 19 (B)]		
Add : Options granted during the year	222500	151000
Less : Options lapsed during the year	46250	-
Less : Options exercised during the year	414505	204024
Options outstanding as at the year end	1303850	308421

Lupin Employees Stock Option Plan 2005:

Particulars	**Year Ended 31.03.2011 Nos. (FV ₹ 2)**	Year Ended 31.03.2010 Nos. (FV ₹ 10)
Options outstanding as at the beginning of the year	2184510	522019
[Refer note no. 12 of Schedule 19 (B)]		
Add : Options granted during the year	235000	38000
Less : Options lapsed during the year	38505	23850
Less : Options exercised during the year	845405	99267
Options outstanding as at the year end	1535600	436902

Lupin Subsidiary Companies Employees Stock Option Plan 2005:

Particulars	**Year Ended 31.03.2011 Nos. (FV ₹ 2)**	Year Ended 31.03.2010 Nos. (FV ₹ 10)
Options outstanding as at the beginning of the year	759250	95600
[Refer note no. 12 of Schedule 19 (B)]		
Add : Options granted during the year	100000	75350
Less : Options lapsed during the year	89000	14850
Less : Options exercised during the year	222114	4250
Options outstanding as at the year end	548136	151850

b) The Company has followed the intrinsic value based method of accounting for stock options granted after April 1, 2005 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plans been determined in the manner consistent with the fair value approach as described in the said Guidance Note, the Company's net income would be lower by ₹ 86.2 million (previous year ₹ 52.5 million) and earnings per share as reported would be lower as indicated below:

(₹ in million)

Particulars	**Year Ended 31.03.2011**	Year Ended 31.03.2010
Net profit as reported	8099.8	6489.3
Less : Total stock-based employee compensation expense determined under fair value based method	93.4	57.2
Add : Total stock-based employee compensation expense determined under intrinsic value based method	7.1	4.7
Adjusted net profit	8013.5	6436.8
Basic earnings per share		
- As reported (in ₹)	18.18	15.08
- Adjusted (in ₹)	17.98	14.95
Diluted earnings per share		
- As reported (in ₹)	18.07	14.82
- Adjusted (in ₹)	17.88	14.70

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

The fair value of each option granted during the year is estimated on the date of grant based on the following assumptions:

Particulars	Grant dated August 23, 2010 from ESOP 2003 plan	Grant dated March 17, 2011 from ESOP 2003 plan	Grant dated August 23, 2010 from ESOP 2005 plan	Grant dated December 13, 2010 from ESOP 2005 plan	Grant dated August 23, 2010 from SESOP 2005 plan
Dividend yield (%)	1.36	1.36	1.36	1.36	1.36
Expected life (years)	6.45	6.25	6.45	5.50	6.35
Risk free interest rate (%)	7.90	7.94	7.90	7.93	7.89
Volatility (%)	37.64	36.81	37.64	36.67	37.52

During the year, the Board of Directors approved the "Lupin Employees Stock Option Plan 2011" and "Lupin Subsidiary Companies Employees Stock Option Plan 2011". Shareholder approvals for these plans were obtained by way of Postal Ballot, the results of which were declared on May 10, 2011.

15. Post Employment Benefits:

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. The superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company recognised ₹ 96.0 million (previous year ₹ 71.9 million) for superannuation contribution in the Profit and Loss Account.

(ii) Defined Benefit Plan:

A) The provident fund plan of the Company except Dabhasa plant is operated by the "Lupin Ltd Employees Provident Fund Trust" (the "Trust"). The provident fund plan of Dabhasa plant, is operated by the Government administered Employees Provident Fund Organisation. Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate.

The Guidance Note on Implementing Accounting Standard 15 (AS 15), Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefit plans involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company is unable to exhibit the related information. The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Obligation. Having regard to the assets of the fund and return on investments, the estimated shortfall aggregating ₹ 0.5 million has been provided for.

The Company recognised ₹ 140.8 million (Previous year ₹ 99.7 million) for provident fund contributions in the Profit and Loss Account.

B) The Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the LIC of India, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

a) On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2011. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the balance sheet date.

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded)	
		As on 31.03.2011	As on 31.03.2010
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation:**		
	Current service cost	30.7	20.5
	Past service cost	1.2	-
	Interest cost	20.2	14.9
	Actuarial loss	105.9	34.0
	Benefits paid	(26.6)	(11.6)
	PVO at the beginning of the year	244.3	186.5
	Addition on amalgamation	8.9	-
	PVO at end of the year	384.6	244.3
II)	**Change in fair value of plan assets:**		
	Expected return on plan assets	29.1	18.0
	Actuarial gain / (loss)	-	-
	Contributions by the employer	142.9	41.8
	Benefits paid	(26.6)	(11.6)
	Fair value of plan assets at beginning of the year	213.3	165.1
	Addition on amalgamation	6.7	-
	Fair value of plan assets at end of the year	365.4	213.3
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	384.6	244.3
	Fair Value of plan assets at end of year	365.4	213.3
	Funded status	(19.2)	(31.0)
	Unrecognised actuarial gain / (loss)	-	-
	Net liability recognised in the balance sheet	(19.2)	(31.0)

Sr. No.	Particulars	Gratuity (Funded)	
		As on 31.03.2011	As on 31.03.2010
IV)	**Net cost for the year ended March 31, 2011:**		
	Current service cost	30.7	20.5
	Past service cost	1.2	-
	Interest cost	20.2	14.9
	Expected return on plan assets	(29.1)	(18.0)
	Actuarial losses	105.9	34.0
	Net cost	128.9	51.4
V)	**Category of assets as at March 31, 2011:**		
	Insurer Managed Funds (100%) (Fund is Managed by LIC of India as per IRDA guidelines, category-wise composition of the plan assets is not available)	365.4	213.3
VI)	**Actual return on the plan assets**	29.1	18.0
VII)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	8.0	8.0
	Salary escalation rate (%)	6.0	6.0
	Expected rate of return on plan assets (%)	9.5	9.5

Information of experience adjustment in respect of past four years is not available, hence not disclosed.

16. The year end foreign currency exposures have not been hedged by a derivative instrument or otherwise and the same are as below:

a. Amount receivable in foreign currency on account of the following:

Particulars	**As on 31.03.2011**		As on 31.03.2010		Foreign Currency
	₹ in million	Amount in Foreign Currency	₹ in million	Amount in Foreign Currency	
Export of goods					
	106.7	2315804	97.5	2373756	AUD
	7.0	157950	3.5	77650	ACUD
	419.0	6617436	368.3	6083897	EURO
	88.7	1237187	80.1	1176617	GBP
	9926.8	222598763	7211.4	160611202	USD
	0.2	4826	-	-	CHF
Other receivable					
	₹ 35854/-	1327712	0.5	15565040	UZS
	2.0	44139	38.0	845475	USD
	2.4	1532455	1.5	1014909	RUB
	0.6	1758163	0.1	333320	KZT
	0.4	5616	-	-	GBP
	1.1	167067	1.5	234405	RMB
	0.7	122423	0.2	32731	UAH
	-	-	0.2	64450467	VND

b. Amount payable in foreign currency on account of the following :

Particulars	**As on 31.03.2011**		As on 31.03.2010		Foreign Currency
	₹ in Million	Amount in Foreign Currency	₹ in Million	Amount in Foreign Currency	
Import of goods and services					
	1542.1	34581226	919.3	20473490	USD
	35.8	499529	31.8	466704	GBP
	64.9	1024438	14.5	239424	EURO
	1.2	25213	3.7	90884	AUD
	14.2	26414750	0.3	667311	JPY
	0.9	18844	0.1	2174	CHF
	-	-	₹ 2665/-	83	SGD
	0.2	164998	-	-	PHP
	-	-	4.8	435374922	AZM
	-	-	0.2	4302	CAD
	₹ 45231/-	28358	0.2	115265	RUB
Secured and Unsecured loans payable					
	8984.7	201473795	6807.4	151611475	USD
Interest accrued and not due on Secured and Unsecured loans					
	3.6	81482	0.7	15916	USD
Other payables					
	145.6	3265033	699.6	15581397	USD
	-	-	1.8	1176911	RUB
	-	-	0.7	10236	GBP
	0.5	1435134	0.2	709673	KZT
	₹ 8600/-	314574	0.2	8118064	UZS
	1.8	39720	0.6	12768	ACUD
	-	-	0.2	32680	UAH
	34.6	547138	29.2	481951	EURO
	-	-	0.1	10211726	AZM
	4.3	93340	0.8	17829	AUD
	0.1	7644	-	-	AED
	0.5	500000	-	-	PHP
	0.9	31209	-	-	BRL
	-	-	₹ 43076/-	6557	RMB
	-	-	0.1	1550	CAD
	-	-	0.2	101607000	VND

17. Derivative Financial Instruments:

The Company enters into forward and option contracts in order to hedge and manage its foreign currency exposures towards future export earnings. Such derivative contracts (including contracts for a period extending beyond the financial year 2011-12) which are

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

in the nature of highly probable forecast transactions are entered into by the Company for hedging purposes only, and are accordingly classified as cash flow hedges.

The category wise break-up there of is as under:

(Amount in million)

Particulars	Currency	**As at 31.03.2011**	As at 31.03.2010
Forward contracts	USD	306.5	423.5
Option contracts	USD	24.0	72.0
Forward contracts	EUR	4.0	-
Forward contracts	EUR-USD	7.0	-

The Company, based on the Announcement of The Institute of Chartered Accountants of India "Accounting for Derivatives" has accounted for derivative forward and option contracts at fair values, considering the principles of recognition and measurement stated in Accounting Standard 30 (AS 30) "Financial instruments: Recognition and Measurement" and the accounting policy followed by the Company in this respect.

The changes in the fair value of the derivative instruments during the year ended March 31, 2011 aggregating ₹ 126.3 million (previous year ₹ 3078.0 million credited) designated as effective have been debited to the Cash Flow Hedge Reserve Account and ₹ 20.3 million (previous year ₹ 13.3 million) credited to the Profit and Loss Account, being the ineffective portion thereof.

18. The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of account is ₹ 4310.9 million (previous year ₹ 2738.3 million).

19. The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Amounts due to Micro Enterprises and Small Enterprises as on March 31, 2011 is ₹ 187.2 million, interest ₹ nil (previous year ₹ 88.3 million, interest ₹ nil), interest paid during the year ₹ nil (previous year ₹ nil).

20. a) Under Sections 391-394 of the Companies Act, 1956, Lupin Pharmacare Limited and Lupin Herbal Limited together with Novodigm Limited, wholly owned subsidiaries of the Company ('transferor companies'), had, pursuant to the approval of Board of Directors of such transferor companies, filed petitions before the Honourable High Courts of Judicature at Bombay and Ahmedabad respectively, for their amalgamation with the Company, with effect from the appointed date - April 1, 2009. The Honourable High Court of Judicature at Bombay had since sanctioned the Scheme of Amalgamation ('the Scheme') by its order dated January 8, 2010, subject to the order being passed by the Honourable High Court of Judicature at Ahmedabad with respect to sanctioning of the Scheme between Novodigm Ltd. and the Company. Pending the receipt of the order of the Honourable High Court of Judicature at Ahmedabad, the Scheme had not been given effect to in the financial statements of the Company for the previous year ended March 31, 2010. The Scheme has since been sanctioned by the Honourable High Court of Judicature at Ahmedabad vide its order dated May 6, 2010. The Scheme is effective from May 27, 2010. On coming

into effect from the appointed date i.e. April 1, 2009, the transferor companies stand amalgamated with the Company on a going concern basis.

b) Lupin Pharmacare Limited and Novodigm Limited were engaged in the business of pharmaceutical drugs and chemicals. Lupin Herbal Limited was engaged in the business of marketing of all herbal related products.

c) The said amalgamation has been accounted for under the "Pooling of Interests" method as prescribed by the Accounting Standard 14 'Accounting for Amalgamations' as notified by the Companies (Accounting Standards) Rules, 2006. In terms of the Scheme, all the assets and liabilities of the transferor companies have been transferred to the Company at their respective book values and all inter-company balances have been cancelled. Since transferor companies were wholly owned subsidiaries, the shares held by the Company in the aforesaid companies stands cancelled and no shares were issued to effect the amalgamation.

d) After giving effect to the accounting treatment in terms of the Scheme as stated in para (c) above, the balance lying in the investment account of the Company aggregating to ₹ 218.1 million pertaining to purchase of Novodigm Limited (an entity acquired by the Company from its erstwhile promoters in the financial year 2007-08 which had resulted into wholly owned subsidiary-parent relationship), being goodwill, as was already reflected in the consolidated financial statements of the Company; has now been reflected as 'goodwill' in the standalone financial statements of the Company. The said goodwill is being amortised over a period of five years.

e) As the Scheme is with effect from the appointed date, the aggregate net loss after tax in respect of the transferor companies aggregating ₹ 295.3 million, and the costs in respect of amortisation of the resultant goodwill pursuant to the amalgamation of Novodigm Limited for the year ended March 31, 2010 aggregating ₹ 43.6 million as stated in para (d) above; has been adjusted against the opening balance in the Profit and Loss account of the Company as at April 1, 2010, and the transactions of the transferor companies for the current year are reflected in the financial statements of the Company for the current year. The reserves of the Company, excluding revaluation reserves as per the balance sheet of previous year ended March 31, 2010, do not have the impact of amalgamation. Had the amalgamation been given effect to, the reserves would have been ₹ 24077.2 million.

f) As a result of the above, figures of the current year are not comparable with those of the previous year.

21. Details of capacities, production, turnover and stocks :

A) Details of licenced and installed capacities:

Classification	Unit	Installed	Installed
		31.03.2011	31.03.2010
A) Formulations :			
Tablets	No. in million	10580.0	9646.0
Liquids	Kilo-litres	3995.0	3840.0
Capsules	No. in million	2393.0	2033.0
Injections:			
- Liquids	Kilo-litres	42.0	42.0
- Vials	No. in million	12.0	12.0
Creams and Powder	M. T.	312.0	312.0
Inhalers	No. in million	4.3	4.3
B) Bulk Drugs, Intermediates and Chemicals	M. T.	5459.0	4856.7

Notes :

i) In terms of Press Note No.4 (1994 series) dated October 25, 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India and Notification no.S.O.137(E) dated March 01,1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, industrial licencing has been abolished in respect of bulk drugs and formulations. Hence, there is no registered / licenced capacities for these bulk drugs and formulations.

ii) Installed capacities, being a technical matter, are as certified by the management and relied upon by the auditors.

B) Details of production and purchases of finished goods:

(Value ₹ in million)

Classification	Unit	Production		Purchase of goods			
		Year ended 31.03.2011	Year ended 31.03.2010	**Year ended 31.03.2011**		Year ended 31.03.2010	
		Quantity	Quantity	Quantity	Value	Quantity	Value
A) Formulations :							
Tablets	No. in million	10199.0	7783.6	2426.2	1754.8	2241.7	1834.6
Liquids	Kilo-litres	1671.7	2078.1	5149.1	546.8	5220.2	542.2
Capsules	No. in million	1148.3	1013.2	438.6	476.6	432.8	513.3
Injections:							
- Liquids	Kilo-litres	104.5	88.2	106.1	127.3	87.2	99.3
- Vials	No. in million	30.0	28.0	26.9	777.8	24.4	918.2
Creams and Powder	M.T.	326.3	406.8	556.2	101.7	552.2	115.9
Inhalers	No. in million	2.6	2.5	99340 Nos.	7.4	312000 Nos.	6.5
B) Bulk Drugs, Intermediates and Chemicals	M.T.	2998.2	2605.4	9.1	15.9	-	-
C) Others					33.6		32.5
TOTAL					**3841.9**		**4062.5**

Notes:

i) Production includes goods manufactured for replacement and on loan licence basis by other parties but excludes manufactured on job work basis for other parties and manufactured for research and development activities.

ii) Production consists of saleable bulk drugs and intermediates. It excludes bulk drugs consumed for manufacture of formulations.

iii) Production / Purchases of formulations includes samples.

C) Details of Turnover:

(Value ₹ in million)

Classification	Unit	Year ended 31.03.2011		Year ended 31.03.2010	
		Quantity	Value	Quantity	Value
A) Formulations:					
Tablets	No. in million	12404.8	20645.0	9615.6	15761.8
Liquids	Kilo-litres	6746.7	5682.6	6722.8	5227.4
Capsules	No. in million	1521.1	5689.1	1358.4	4919.0
Injections:					
- Liquids	Kilo-litres	195.5	331.1	167.2	246.1
- Vials	No. in million	46.7	2236.5	44.3	2280.3
Creams and Powder	M. T.	824.2	335.0	853.4	366.0
Inhalers	No. in million	2.3	357.8	1.9	282.8
B) Bulk Drugs, Intermediates and Chemicals	M. T.	2937.1	8696.0	2524.3	7536.7
C) Others			63.4		40.5
TOTAL			44036.5		36660.6

Notes :

i) Above excludes items distributed under free schemes and samples.

ii) Turnover is net of trade discounts.

D) Details of stock:

(Value ₹ in million)

Classification	Unit	Opening Stock		Closing Stock	
		Quantity 01.04.2010	Value 01.04.2010	Quantity 31.03.2011	Value 31.03.2011
A) Formulation:					
Tablets	No. in million	866.7	816.1	859.9	761.8
		(560.9)	(658.7)	(866.7)	(816.1)
Liquids	Kilo-litres	995.9	213.7	733.4	136.8
		(784.1)	(156.0)	(995.9)	(213.7)
Capsules	No. in million	160.7	208.2	167.8	197.3
		(122.8)	(171.3)	(160.7)	(208.2)
Injections:					
- Liquids	Kilo-litres	26.3	25.1	36.4	31.1
		(24.3)	(19.2)	(26.3)	(25.1)
- Vials	No. in million	7.1	260.8	9.6	299.6
		(7.8)	(220.7)	(7.1)	(260.8)
Creams and Powder	M. T.	206.1	52.7	221.1	45.8
		(171.7)	(56.1)	(206.1)	(52.7)
Inhalers	No. in million	0.5	31.7	0.5	30.1
		(0.5)	(24.1)	(0.5)	(31.7)
B) Bulk Drugs Intermediates	M. T.	166.3	864.4	157.1	998.2
and Chemicals		(167.4)	(1086.1)	(166.3)	(864.4)
C) Others			20.2		25.0
			(15.5)		(20.2)
			2492.9		2525.7
TOTAL			(2407.7)		(2492.9)

Notes :

i) Opening and Closing stock of formulations includes quantity of samples.

ii) Figures in brackets are for previous year.

22. Related Party Disclosures, as required by AS-18 are given below :

A. Relationships -

Category I : Subsidiaries and Associates of the Company :

Subsidiaries :

Lupin Pharmaceuticals Inc., USA
Kyowa Pharmaceutical Industry Co. Ltd., Japan
Lupin Australia Pty Ltd., Australia
Lupin Holdings B.V., Netherlands
Pharma Dynamics (Proprietary) Ltd., South Africa
Hormosan Pharma GmbH, Germany
Multicare Pharmaceuticals Philippines Inc., Philippines
Lupin Atlantis Holdings SA, Switzerland
Lupin (Europe) Ltd., UK (from 5th June 2009)
Amel Touhoku, Japan
Lupin Pharma Canada Ltd., Canada (from 18th June 2009)
Lupin Mexico SA de CV, Mexico (from 23rd August 2010)
Generic Health Pty Ltd., Australia (from 27th September 2010)
Bellwether Pharma Pty Ltd., Australia (from 27th September 2010)
Generic Health Inc., USA (from 27 September 2010)
Max Pharma Pty Ltd., Australia (from 27th September 2010)
Lupin Philippines Inc., Philippines (from 20th December 2010)
Lupin Healthcare Ltd., India (from 17th March 2011)
Novodigm Ltd., India (upto 31st March, 2009 - Refer note no. 20)
Lupin Pharmacare Ltd., India (upto 31st March, 2009 - Refer note no. 20)
Lupin Herbal Ltd., India (upto 31st March, 2009 - Refer note no. 20)

Associates :

Shinko Yakuhin, Japan (upto 10th March 2010)
Generic Health Pty Ltd., Australia (upto 26th September 2010)

Category II: Key Management Personnel :

Dr. D. B. Gupta	Chairman
Dr. K.K. Sharma	Managing Director
Mrs. M. D. Gupta	Executive Director
Mr. Nilesh Gupta	Executive Director

Category III : Others (Relatives of Key Management Personnel and Entities in which the Key Management Personnel have control or significant influence)

Mrs. Vinita Gupta
Dr. Anuja Gupta
Mrs. Kavita Gupta Sabharwal
Dr. Richa Gupta
Mrs. Pushpa Khandelwal
Adhyatma Investments Pvt. Ltd. (upto 31st March 2010)
Bharat Steel Fabrication and Engineering Works
Concept Pharmaceuticals Ltd. (upto 31st March 2010)

D. B. Gupta (HUF)
Enzal Chemicals (India) Ltd.
Lupin Human Welfare and Research Foundation
Lupin International Pvt. Ltd.
Lupin Investments Pvt. Ltd.
Lupin Marketing Pvt. Ltd.
Matashree Gomati Devi Jana Seva Nidhi
Novamed Pharmaceuticals Pvt. Ltd.
Polynova Industries Ltd.
Pranik Landmark Associates (upto 3rd March 2010)
Rahas Investments Pvt. Ltd.
S N Pharma (upto 31st March 2010)
Synchem Chemicals (I) Pvt. Ltd.
Visiomed (India) Pvt. Ltd.
Zyma Laboratories Ltd.

B. Transactions with the related parties :

(₹ in million unless other wise stated)

Sr. No.	Transactions	Subsidiaries	Associates	Key Management Personnel	Others	Total
1	Sale of Goods	16395.7	43.6	-	-	16439.3
		(13288.6)	(44.6)	(-)	(13.6)	(13346.8)
2	Miscellaneous income on	-	-	-	2.5	2.5
	account of sale of by-products	(-)	(-)	(-)	(-)	(-)
3	Rent Expenses	-	-	-	102.4	102.4
		(-)	(-)	(-)	(103.6)	(103.6)
4	Business Conducting Expenses	-	-	-	₹ 1250/-	₹ 1250/-
		(-)	(-)	(-)	(₹ 6000/-)	(₹ 6000/-)
5	Agency Commission Expenses	4.3	4.9	-	-	9.2
		(-)	(15.2)	(-)	(20.1)	(35.3)
6	Expenses Recovered /	30.9	-	-	1.0	31.9
	Rent Received	(37.1)	(-)	(-)	(1.6)	(38.7)
7	Remuneration Paid	-	-	244.1	-	244.1
		(-)	(-)	(190.3)	(-)	(190.3)
8	Purchase of Goods / Materials	0.7	-	-	44.8	45.5
		(224.9)	(-)	(-)	(31.2)	(256.1)
9	Investments during the year	34.8	-	-	-	34.8
		(2502.0)	(-)	(-)	(-)	(2502.0)

Sr. No.	Transactions	Subsidiaries	Associates	Key Management Personnel	Others	Total
10	Donations Paid	-	-	-	32.4	32.4
		(-)	(-)	(-)	(35.0)	(35.0)
11	Dividend Paid	-	-	17.0	549.6	566.6
		(-)	(-)	(15.9)	(509.5)	(525.4)
12	Services Received	1050.1	-	-	-	1050.1
		(994.7)	(-)	(-)	(-)	(994.7)
13	Loans and Advances given	-	-	-	-	-
		(1053.6)	(-)	(-)	(-)	(1053.6)
14	Sale of Fixed Assets	-	-	-	-	-
		(11.2)	(-)	(-)	(9.0)	(20.2)
15	Sale of other assets	-	-	-	-	-
		(21.7)	(-)	(-)	(-)	(21.7)
16	Purchase of Undertaking	-	-	-	195.0	195.0
		(-)	(-)	(-)	(-)	(-)
17	Expenses Reimbursed	68.1	-	-	-	68.1
		(61.8)	(2.6)	(-)	(11.6)	(76.0)
18	Refund of Deposit for leave and	-	-	-	9.7	9.7
	licence arrangement for premises	(-)	(-)	(-)	(-)	(-)
19	Deposit paid for leave and	-	-	-	₹ 31500/-	₹ 31500/-
	licence arrangement for premises	(-)	(-)	(-)	(-)	(-)
20	Refund of Deposit given for	-	-	-	180.0	180.0
	Business Conducting Arrangement	(-)	(-)	(-)	(-)	(-)
21	Guarantees given against standby	40.0	-	-	-	40.0
	Letter of Credit issued by Company's	(57.4)	(-)	(-)	(-)	(57.4)
	bankers to the bankers of wholly					
	owned Subsidiary companies					
22	Letter of Comfort (withdrawn) /	(521.0)	-	-	-	(521.0)
	issued by the Company to the	(195.1)	(-)	(-)	(-)	(195.1)
	bankers of Subsidiary companies					
23	Corporate guarantee issued by	35.8	-	-	-	35.8
	the Company to the bankers of	(40.5)	(-)	(-)	(-)	(40.5)
	wholly owned Subsidiary companies					

Out of the above items transactions in excess of 10% of the total related party transactions are as under :

(₹ in million unless other wise stated)

Sr. No.	Transactions	Related party relation	For the year ended 31.03.2011	For the year ended 31.03.2010
1	Sale of Goods			
	Lupin Pharmaceuticals Inc., USA	Subsidiary Company	16138.0	13051.9
2	Miscellaneous income on account of sale of by-products			
	Enzal Chemicals (India) Ltd.	Others	2.5	-
3	Rent Expenses			
	Lupin Investments Pvt. Ltd.	Others	82.6	83.0
	Bharat Steel Fabrication and Engineering Works	Others	11.0	11.9
4	Business Conducting Expenses			
	Synchem Chemicals (I) Pvt. Ltd.	Others	₹ 1250/-	₹ 6000/-
5	Agency Commission Expenses			
	Generic Health Pty Ltd., Australia	Subsidiary Company	4.3	-
	Generic Health Pty Ltd., Australia	Associate	4.9	15.2
	S N Pharma	Others	-	20.1
6	Expenses Recovered / Rent Received			
	Lupin Pharmaceuticals Inc., USA	Subsidiary Company	7.3	-
	Pharma Dynamics (Proprietary) Ltd., South Africa	Subsidiary Company	9.2	-
	Novodigm Ltd.	Subsidiary Company	-	4.4
	Lupin Atlantis Holding SA , Switzerland	Subsidiary Company	12.2	29.7
	Polynova Industries Ltd.	Others	-	1.0
	Pranik Landmark Associates	Others	-	0.6
7	Remunerations Paid			
	Dr. D. B. Gupta	Key Management Personnel	113.7	91.1
	Dr. K. K. Sharma	Key Management Personnel	82.5	64.0
	Mr. Nilesh Gupta	Key Management Personnel	44.7	32.8
8	Purchase of Goods / Material			
	Enzal Chemicals (India) Ltd.	Others	44.8	31.2
	Novodigm Ltd.	Subsidiary Company	-	221.5
9	Investments during the year			
	Lupin Holdings B. V. , Netherlands	Subsidiary Company	14.8	2,482.0
	Lupin Healthcare Ltd.	Subsidiary Company	20.0	-
10	Donations Paid			
	Lupin Human Welfare and Research Foundation	Others	29.4	32.3
11	Dividend Paid			
	Lupin Marketing Pvt. Ltd.	Others	109.1	101.0
	Rahas Investments Pvt. Ltd.	Others	123.4	114.2
	Visiomed (I) Pvt. Ltd.	Others	117.5	108.8
	Zyma Laboratories Ltd.	Others	148.4	137.4
12	Services Received			
	Lupin Pharmaceuticals Inc.,USA	Subsidiary Company	770.6	849.6
	Lupin (Europe) Ltd., UK	Subsidiary Company	279.5	144.7

Sr. No.	Transactions	Related party relation	For the year ended 31.03.2011	For the year ended 31.03.2010
13	Loans and Advance given			
	Lupin Pharmacare Ltd.	Subsidiary Company	-	1028.6
14	Sale of Fixed Assets			
	Novodigm Ltd.	Subsidiary Company	-	0.3
	Lupin Pharmacare Ltd.	Subsidiary Company	-	8.3
	Concept Pharmaceuticals Ltd.	Others	-	9.0
	Lupin (Europe) Ltd., UK	Subsidiary Company	-	2.6
15	Sale of other assets			
	Lupin (Europe) Ltd., UK	Subsidiary Company	-	21.7
16	Purchase of Undertaking			
	Synchem Chemicals (I) Pvt. Ltd.	Others	195.0	-
17	Expenses Reimbursed			
	Lupin Pharmaceuticals Inc., USA	Subsidiary Company	15.5	13.8
	Lupin Australia Pty Ltd.	Subsidiary Company	28.0	28.1
	Lupin (Europe) Ltd., UK	Subsidiary Company	12.6	-
	Pharma Dynamics (Proprietary) Ltd., South Africa	Subsidiary Company	9.0	-
	Novodigm Ltd.	Subsidiary Company	-	13.0
	Synchem Chemicals (I) Pvt. Ltd.	Others	-	11.0
18	Refund of Deposit for leave and licence			
	arrangement for premises			
	Bharat Steel Fabrication and Engineering Works	Others	1.9	-
	Lupin Investments Pvt. Ltd.	Others	7.0	-
19	Deposit paid for leave and licence			
	arrangement for premises			
	Zyma Laboratories Ltd.	Others	₹ 31500/-	-
20	Refund of Deposit given for Business			
	Conducting Arrangement			
	Synchem Chemicals (I) Pvt. Ltd.	Others	180.0	-
21	Guarantees given against standby Letter			
	of Credit issued by Company's bankers to			
	the bankers of wholly owned subsidiary			
	Max Pharma Pty Ltd., Australia	Subsidiary Company	-	(70.2)
	Hormosan Pharma GmbH , Germany	Subsidiary Company	40.0	12.8
22	Letter of Comfort (withdrawn) / issued by the			
	Company to the bankers of Subsidiary company.			
	Novodigm Ltd.	Subsidiary Company	(521.0)	95.7
	Multicare Pharmaceuticals Philippines Inc.	Subsidiary Company	-	99.4
23	Corporate guarantee issued by the Company to			
	the bankers of wholly owned Subsidiary company.			
	Hormosan Pharma GmbH , Germany	Subsidiary Company	-	30.3
	Lupin (Europe) Ltd., UK	Subsidiary Company	35.8	10.2

C. Balances due from / to the related parties :

(₹ in million unless otherwise stated)

Sr. No.	Transactions	Subsidiaries	Associates	Key Management Personnel	Others	Total
1	Investments	6791.0	-	-	-	6791.0
		(7230.1)	(-)	(-)	(-)	(7230.1)
2	Deposit paid under Leave	-	-	-	62.0	62.0
	and Licence arrangement	(-)	(-)	(-)	(71.7)	(71.7)
	for Office Premises					
3	Deposit given for Business	-	-	-	-	-
	Conducting Arrangement	(-)	(-)	(-)	(180.0)	(180.0)
4	Debtors	7440.9	-	-	-	7440.9
		(5476.6)	(32.6)	(-)	(10.5)	(5519.7)
5	Creditors	512.7	-	-	1.7	514.4
		(551.8)	(5.4)	(-)	(3.7)	(560.9)
6	Commission Payable	4.3	-	88.0	-	92.3
		(-)	(-)	(70.0)	(-)	(70.0)
7	Expenses payable	2.5	-	-	-	2.5
		(3.3)	(-)	(-)	(-)	(3.3)
8	Expenses receivable	2.0	-	-	-	2.0
		(29.7)	(-)	(-)	(-)	(29.7)
9	Loans and advances	-	-	-	-	-
		(2259.3)	(-)	(-)	(-)	(2259.3)
10	Guarantees given against standby	221.6	-	-	-	221.6
	Letter of Credit issued by Company's	(181.6)	(-)	(-)	(-)	(181.6)
	bankers to the bankers of wholly					
	owned Subsidiary companies.					
11	Letter of Comfort issued by the	102.9	-	-	-	102.9
	Company to the bankers of	(620.4)	(-)	(-)	(-)	(620.4)
	Subsidiary companies.					
12	Corporate guarantee issued by the	78.2	-	-	-	78.2
	Company to the bankers of wholly	(40.5)	(-)	(-)	(-)	(40.5)
	owned Subsidiary companies.					

Notes :

i) Figures in brackets are for previous year.

ii) Related party relationship is as identified by the Company and relied upon by the Auditors.

23. Excise duty (Schedule 17) includes ₹ 2.8 million (previous year ₹ 22.0 million) being net impact of the excise duty provision on opening and closing stock.

24. During the year, the company had issued short term MIBOR linked secured debentures, which have been repaid prior to creation of security in favour of the debenture holders, as per details below:

Party	Date of issue	Maturity date	No. of Debentures	Face Value (₹ in million)	Amount (₹ in million)
BMF Liquid Bees	06/04/2010	13/04/2010	5	50.0	250.0
Religare Mutual Fund	15/04/2010	16/04/2010	4	50.0	200.0
Deutsche Mutual Fund	28/04/2010	30/04/2010	4	50.0	200.0
Deutsche Mutual Fund	07/04/2010	30/04/2010	5	50.0	250.0
Fortis Mutual Fund	16/04/2010	03/05/2010	4	50.0	200.0
Fortis Mutual Fund	19/04/2010	03/05/2010	4	50.0	200.0
JM Financial Mutual Fund	13/04/2010	06/05/2010	6	50.0	300.0
Deutsche Mutual Fund	30/04/2010	07/05/2010	9	50.0	450.0
Religare Mutual Fund	06/05/2010	18/05/2010	6	50.0	300.0
JM Financial Mutual Fund	18/05/2010	21/05/2010	6	50.0	300.0
BMF Liquid Bees	13/04/2010	24/05/2010	4	50.0	200.0
Canara Robeco Mutual Fund	21/05/2010	25/05/2010	6	50.0	300.0
Canara Robeco Mutual Fund	06/04/2010	25/05/2010	5	50.0	250.0
Deutsche Mutual Fund	07/05/2010	25/05/2010	9	50.0	450.0
Canara Robeco Mutual Fund	25/05/2010	26/05/2010	6	50.0	300.0
Canara Robeco Mutual Fund	26/05/2010	31/05/2010	2	50.0	100.0
Canara Robeco Mutual Fund	26/05/2010	31/05/2010	4	50.0	200.0
BMF Liquid Bees	25/05/2010	02/06/2010	4	50.0	200.0

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

26. During the year, the Company acquired an undertaking/business unit as a going concern, from a party on slump sale basis for an agreed consideration of ₹ 195.0 million as approved by the Board, on the basis of fair valuation report of an independent valuer.

27. No borrowing cost has been capitalised during the year.

28. Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

Signatures to Schedule 1 to 19

For **Lupin Limited**

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

Place : Mumbai
Dated : May 12, 2011

R. V. Satam
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

(Submitted in terms of part IV of Schedule VI of the Companies Act, 1956)

(a)	**Registration Details**			
	Registration No./ CIN No.	L24100MH1983PLC029442	State Code	11
	Balance Sheet Date	31.03.2011		
(b)	**Capital Raised during the Year (Amount in Rupees Thousands)**			
	Public Issue	NIL	Rights Issue (ESOPs)	2,964
	Bonus Issue	NIL	Private Placement	NIL
(c)	**Position of Mobilisation and Deployment of funds (Amount in Rupees Thousands)**			
	Total Liabilities	52,117,759	Total Assets	52,117,759
	Sources of Funds			
	Paid-Up Capital	892,402	Reserves and Surplus	30,634,150
	Deferred Tax	1,785,745	Secured Loans	6,374,574
	Unsecured Loans	3,458,388		
	Application of Funds			
	Net Fixed Assets	18,375,303	Investments	6,808,888
	Net Current Assets	17,961,067	Misc Expenditure	-
	Accumulated Losses	-		
(d)	**Performance of Company (Amount in Rupees Thousands)**			
	Turnover	44,262,553	Total Expenditure	36,658,299
	Profit Before Tax	8,456,345	Profit After Tax	8,099,853
	Earning per Equity Share in ₹ (Basic)	18.18	Equity Dividend Rate %	150
(e)	**Generic Names of Three Principal Products of Company**			
	(As per monetary terms)			
	Product Description		Item Code No.(As per ITC Code)	
	i) Cefixime		30049099	
	ii) Lisinopril		30049071	
	iii) Cefaclor		29419090	

For **Lupin Limited**

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

M. D. Gupta
Executive Director

Vinita Gupta
Director

Nilesh Gupta
Executive Director

K. V. Kamath
Director

Dr. Vijay Kelkar
Director

Richard Zahn
Director

R. A. Shah
Director

Dr. K. U. Mada
Director

D. K. Contractor
Director

R. V. Satam
Company Secretary

Place : Mumbai
Dated : May 12, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the subsidiary company	Financial year/period of the subsidiary company	Date from which it became subsidiary	Extent of interest of the holding Company in the Capital and Reserves of the subsidiary company at the end of the financial year/period of the subsidiary company		Net aggregate amount of the subsidiary company's profit/ (loss) not dealt with in the holding Company's accounts		Net aggregate amount of the subsidiary company's profit/(loss) dealt with in the holding Company's accounts	
			a) Number of shares held	b) Extent of holding	Current year/period	Previous years/periods	Current year/period	Previous years/periods
Lupin Pharmaceuticals Inc., USA	Year ended 31.03.2011	30.06.2003	300,000 shares of the face value of US $ 1 each	100%	₹ 320.7 Mn.	₹ 817.0 Mn.	Nil	Nil
Kyowa Pharmaceutical Industry Co., Ltd., Japan	Year ended 31.03.2011	18.10.2007	196,000 Ordinary Shares of the face value of JPY 500 each (Note1)	100%	₹ 695.3 Mn.	₹ 1088.1 Mn.	Nil	Nil
Lupin Australia Pty Ltd., Australia	Year ended 31.03.2011	01.12.2004	500,000 Equity Shares of the face value of AU $ 1 each	100%	₹ 1.0 Mn.	₹ 4.0 Mn.	Nil	Nil
Lupin Holdings B.V., Netherlands	Year ended 31.03.2011	30.03.2007	105,829 Equity Shares of the face value of Euro 1000 each	100%	₹ 610.9 Mn.	₹ 33.5 Mn.	Nil	Nil
Pharma Dynamics (Proprietary) Ltd., South Africa	Year ended 31.03.2011	01.03.2008	60,000 Ordinary Shares of the face value of South African Rand 1 each (Note 1)	60%	₹ 272.0 Mn.	₹ 204.5 Mn.	Nil	Nil
Hormosan Pharma GmbH, Germany	Year ended 31.03.2011	25.07.2008	122,900 Equity Shares of the face value of Euro 1 each (Note 1)	100%	(₹185.5 Mn.)	(₹ 212.8 Mn.)	Nil	Nil
Multicare Pharmaceuticals Philippines, Inc., Philippines	Year ended 31.03.2011	26.03.2009	1,308,150 Shares of the face value of PHP Peso 10 each (Note 1)	51%	₹ 9.1 Mn.	₹ 10.0 Mn.	Nil	Nil
Lupin Atlantis Holdings SA, Switzerland	Year ended 31.03.2011	05.06.2007	2,486 Shares of the face value of CHF 1000 each (Note 1)	100%	₹ 83.8 Mn.	₹ 1753.6 Mn.	Nil	Nil
Lupin (Europe) Ltd., U.K.	Year ended 31.03.2011	05.06.2009	251,000 Ordinary Shares of GBP 1 each	100%	₹ 11.5 Mn.	(₹ 6.5 Mn.)	Nil	Nil
Amel Touhoku, Japan	Year ended 31.03.2011	18.10.2007	300 Ordinary Shares of the face value of JPY 10000 each (Note 2)	100%	₹ 3.3 Mn.	₹ 1.5 Mn.	Nil	Nil
Lupin Pharma Canada Ltd., Canada	Year ended 31.03.2011	18.06.2009	280,000,100 Common Shares (Shares do not have Face value) (Note 3)	100%	(₹ 1.4 Mn.)	(₹ 4.1 Mn.)	Nil	Nil
Lupin Mexico SA de CV, Mexico	From 23.08.2010 to 31.03.2011	23.08.2010	500 Common Shares of MXN 100 each (Note 1)	100%	(₹ 0.1 Mn.)	N.A.	Nil	N.A.
Generic Health Pty Ltd., Australia	From 27.09.2010 to 31.03.2011	27.09.2010	74,204,090 Ordinary Shares (Note 1)	76.65%	(₹ 60.7 Mn.)	N.A.	Nil	N.A.
Bellwether Pharma Pty Ltd., Australia	From 27.09.2010 to 31.03.2011	27.09.2010	1,000,000 Ordinary Shares (Face value of 1000 Ordinary Shares is AU $ 1) (Note 4)	76.65%	(₹ 15.6 Mn.)	N.A.	Nil	N.A.
Generic Health Inc., U.S.A.	From 27.09.2010 to 31.03.2011	27.09.2010	120 Common Shares (Face value of 100 Common Shares is US $ 1) (Note 4)	76.65%	Nil	N.A.	Nil	N.A.
Max Pharma Pty Ltd., Australia	From 27.09.2010 to 31.03.2011	27.09.2010	2,885,714 Ordinary Shares of the face value of AU $ 1 each (Notes 4 and 5)	76.65%	(₹ 1.8 Mn.)	(₹ 91.0 Mn.)	Nil	N.A.
Lupin Philippines, Inc., Philippines	From 20.12.2010 to 31.03.2011	20.12.2010	872,622 Shares of the face value of PHP Peso 10 each (including 5 shares held by nominees) (Note 1)	100%	(₹ 0.9 Mn.)	N.A.	Nil	N.A.
Lupin Healthcare Ltd., India	From 17.03.2011 to 31.03.2011	17.03.2011	2,000,000 Equity shares of the face value of ₹ 10/- each (including 6 shares held by nominees)	100%	(₹ 1.0 Mn.)	N.A.	Nil	N.A.

Notes:

1. Shares are held by Lupin Holdings B.V., Netherlands, a wholly-owned subsidiary of the Company.
2. Shares are held by Kyowa Pharmaceutical Industry Co., Ltd., Japan, a wholly-owned subsidiary of the Company.
3. Lupin Holdings B.V., Netherlands, holds 280,000,000 Shares and Lupin Atlantis Holdings SA, Switzerland, holds 100 Shares.
4. Shares are held by Generic Health Pty Ltd., Australia, a subsidiary of the Company.
5. Amount for previous year/period is up to May 31, 2009 after which, it ceased to be a subsidiary and again became a subsidiary on September 27, 2010.

For and on behalf of the Board of Directors

R. V. Satam
Company Secretary

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

Mumbai, May 12, 2011

Full accounts of the aforesaid subsidiaries are available for inspection at the Registered Office of the Company and on request will be sent to members free of cost.

corporate information

SENIOR MANAGEMENT TEAM

Dr. Desh Bandhu Gupta
Chairman

Dr. Kamal K. Sharma
Managing Director

Ms. Vinita Gupta
Group President &
CEO - Lupin Pharmaceuticals Inc., USA

Mr. Nilesh Gupta
Group President & Executive Director

Mr. Shakti Chakraborty
Group President - India Region
Formulations & CIS

Mr. Satish Khanna
Group President - API

Mr. Ramesh Swaminathan
President - Finance & Planning

Mr. Vinod Dhawan
President - AAMLA

Dr. Rajender Kamboj
President - Novel Drug Discovery & Development

Dr. Ninad Deshpanday
President - Pharma Research & Development

Mr. Naresh Gupta
President - API & Global TB

Mr. Divakar Kaza
President - Human Resources

Mr. Alok Ghosh
President - Technical Operations

Dr. Cyrus Karkaria
President - Biotechnology

Mr. Sunil Makharia
Executive Vice President - Finance

Mr. Debabrata Chakravorty
Executive Vice President - Supply Planning
& Strategic Sourcing

Dr. Dhananjay Bakhle
Executive Vice President - Medical Research

Dr. Sofia Mumtaz
Executive Vice President - IPMG

Mr. Andrew Macaulay
Executive Vice President - Lupin (Europe) Ltd.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. R. V. Satam

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

AUDIT COMMITTEE

Dr. K. U. Mada
Chairman

Mr. D. K. Contractor

Dr. Kamal K. Sharma

INVESTORS' GRIEVANCES COMMITTEE

Mr. D. K. Contractor
Chairman

Dr. K. U. Mada

REMUNERATION COMMITTEE

Dr. K. U. Mada
Chairman

Mr. R. A. Shah

SOLICITORS

Crawford Bayley & Co.

BANKERS

Central Bank of India
Bank of Baroda
State Bank of India
Citibank N.A.
ICICI Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Kotak Mahindra Bank Limited
HDFC Bank Limited
The Royal Bank of Scotland N.V.

REGISTERED OFFICE

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Fax:+ 91 22 2652 8806

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FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral that we periodically make, contain forward-looking statements that set out anticipated result based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using word such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

LUPIN LIMITED

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Website
www.lupinworld.com

1

dream

vision

heritage

passion

goal

LUPIN