

# CORPORATE GOVERNANCE

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

## 1. Company's Philosophy on Code of Corporate Governance

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

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

## 2. Board of Directors

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

Composition and category of Directors is as follows:

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

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

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

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

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

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

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

### 3. Code of Conduct

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

### 4. Audit Committee

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

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

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

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

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

## Corporate Governance

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

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

## 5. Remuneration Committee

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

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

(Amount in ₹)

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

# Salary includes Special Allowance.

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

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

Notes: -

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

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

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

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

## 6. Shareholders'/Investors' Grievance Committee

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

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

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

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

### Investor Complaints :

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

## 7. Committee of Directors (Allotment)

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

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

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

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

## 8. Subsidiary companies

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

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

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

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

## 9. General Body Meetings

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

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

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

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

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

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

## (iii) Postal Ballot

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

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

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

**Resolution No.1**

Description:

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

Voting Pattern:

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

**Resolution No.2**

Description:

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

Voting Pattern:

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

**10. Disclosures**

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

## Corporate Governance

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

## 11. Means of Communication

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

## 12. General Shareholder Information

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



## 12.7 Stock Market Data

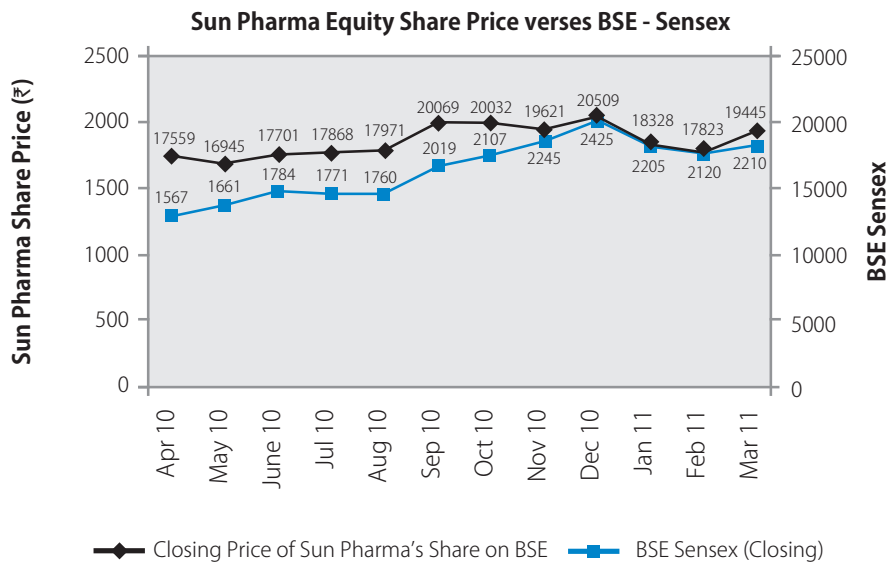
Equity Shares:

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

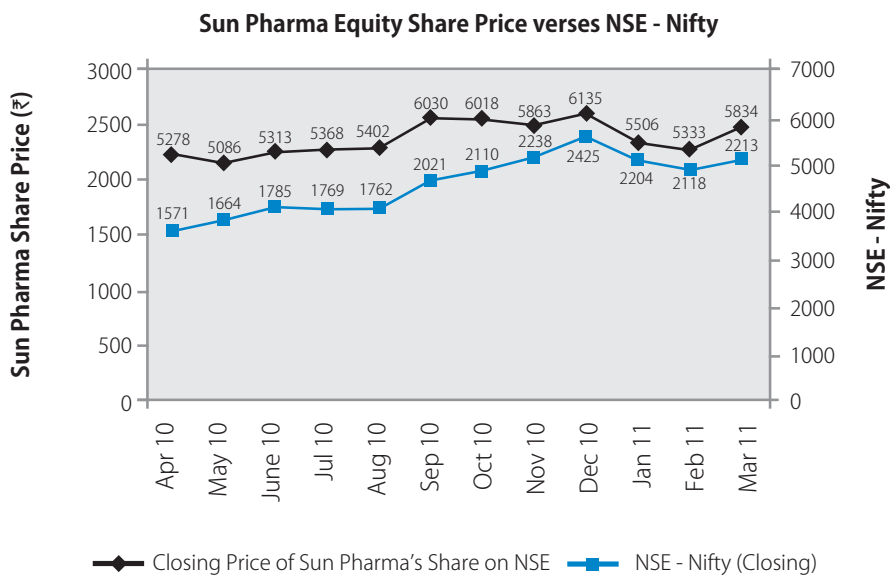
(Source: BSE and NSE website)

\* For ₹ 5/- paid-up value

+ For ₹ 1/- paid-up value



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



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

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

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

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

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

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

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

### 12.9 Registrars & Transfer Agent

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

### 12.10 Share Transfer System

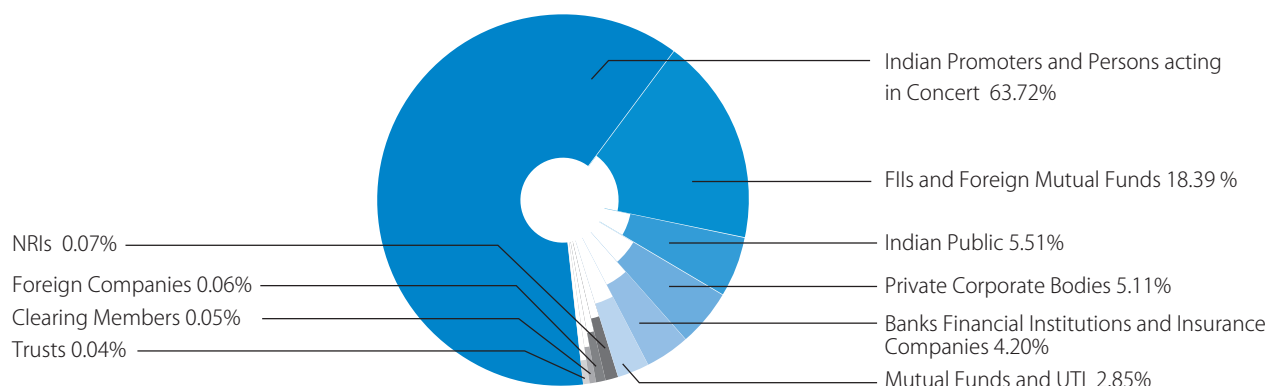
Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share Transfer Agents and the share certificates are returned within a period of 15 to 16 days from the date of receipt, subject to the documents being valid and complete in all respects.

### 12.11 Distribution of Shareholding as on March 31, 2011

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

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

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



### 12.13 Dematerialisation of Shares

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

#### Liquidity:

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

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

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

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

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

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

### 12.15 Plant locations:

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

## Corporate Governance

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

For and on behalf of the Board

**DILIP S. SHANGHVI**

Chairman &amp; Managing Director

**SUDHIR V. VALIA**

Whole-time Director

**SAILESH T. DESAI**

Whole-time Director

Place: Mumbai,

Date: May 28, 2011

**S.KALYANASUNDARAM**

Whole-time Director &amp; CEO

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

### DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

For Sun Pharmaceutical Industries Ltd.,

**Dilip S. Shanghvi**

Chairman & Managing Director

Date: May 28, 2011.

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

To The Members of  
Sun Pharmaceutical Industries Limited,

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

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

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

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

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No.117366W)

**Rajesh K. Hiranandani**

Partner

(Membership No.36920)

MUMBAI, May 28, 2011