

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 seven 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)	—
Non Executive Independent Directors	Mr. S. Mohanchand Dadha	—
	Mr. Has Mukh S. Shah	—
	Mr. Keki M. Mistry	—
	Mr. Ashwin S. Dani	—

Number of Board Meetings held and the dates on which held: 6 Board meetings were held during the year, as against the minimum requirement of 4 meetings.

The dates on which the meetings were held are as follows: 18th May 2007, 3rd July 2007, 23rd July 2007, 5th September 2007, 25th October 2007 and 30th January 2008.

Attendance of each Director at the Board meetings, last Annual General Meeting (AGM), and number of other Directorship and Chairmanship/Membership of Committee of each Director, is as follows:

Name of the Director	Attendance Particulars for the year ended 31st March, 2008		*No. of other directorships and committee memberships / chairmanships as of 31 st March, 2008		
	Board Meetings	Last AGM held on 5 th September, 2007	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Dilip S. Shanghvi	6	Yes	1	—	—
Mr. Sudhir V. Valia	5	Yes	1	—	1
Mr. Sailesh T. Desai	6	Yes	3	—	—
Mr. S. Mohanchand Dadha	6	Yes	3	—	2
Mr. Has Mukh S. Shah	6	Yes	8	1	2
Mr. Keki M. Mistry	5	Yes	11	5	2
Mr. Ashwin S. Dani	4	Yes	6	1	1

* The above list 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.

Brief information on Directors proposed for reappointment:

The brief resume, experience and other details of the Directors, viz. Mr. Sailesh T. Desai and Mr. S. Mohanchand Dadha who retire by rotation at the ensuing Annual General Meeting, and are proposed to be reappointed is given as under:

- (a) Mr. Sailesh T. Desai (53 years), Whole time Director is a Science graduate from Kolkata University and is a successful entrepreneur with more than 30 years of wide industrial experience including 20 years in the pharmaceutical industry itself. He is a Director on the Board of following Companies: Caraco Pharmaceutical Laboratories Ltd., Milmet Pharma Ltd., Sun Fastfin Services Pvt. Ltd., Sun Pharmaceutical (Bangladesh) Ltd., Sun Resins & Polymers Pvt. Ltd., Sun Speciality Chemicals Pvt. Ltd., SPIL De Mexico SA DE CV, M.J. Pharmaceuticals Ltd., Man Infraconstruction Ltd., Universal Enterprises Pvt. Ltd., Shantilal Shanghvi Foundation and a trustee of Shree Uvasaggahar Trust.
- (b) Mr. S. Mohanchand Dadha (71 years), is a successful entrepreneur with more than five decades of wide experience in Pharma Industry and has competent knowledge and experience in financial and accounting areas. Mr. Dadha was Managing Director and Promoter of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd. He is also trustee of many Charitable Trusts. He was the Member of Tamilnadu Government constituted Drug Committees, namely The Drug Advisory Committee and the Committee for the development of Drug Industries in Tamilnadu.

Presently, he is also a Director in the following Companies:

Sun Pharma Advanced Research Company Ltd., Wardex Pharmaceuticals Ltd., Dadha Pharma Pvt. Ltd., and Kerala Chemists and Distributors Alliance Ltd.

He is the Chairman of the Audit Committee and Remuneration Committee of Sun Pharma Advanced Research Company Ltd.

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.

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 the Company Secretary of the Company is the Secretary of the Audit Committee.

The Audit Committee is responsible for 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, 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.

Four Audit Committee Meetings were held during the year ended 31st March, 2008. The dates on which Meetings were held are as follows: 18th May 2007, 23rd July 2007, 25th October 2007 and 30th January 2008. 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 half 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 Rs.5,000/- per meeting payable to the Non Executive Directors. The actual commission payable to the Non- Executive Directors of our Company severally and collectively is decided by the Board of Directors of the Company 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 2007-2008 are given below:

(Amount in Rs.)

Directors	Salary #	Perquisites*	Commission	Sitting Fees	Total
Mr.Dilip S. Shanghvi	1,02,25,800	10,43,755	—	—	1,12,69,555
Mr. Sudhir V. Valia	1,02,25,800	10,43,755	—	—	1,12,69,555
Mr. Sailesh T. Desai	39,24,720	6,34,127	—	—	45,58,847
Mr. S. Mohanchand Dadha	—	—	8,50,000	75,000	9,25,000
Mr.Hasmukh S. Shah	—	—	8,50,000	75,000	9,25,000
Mr. Keki M. Mistry	—	—	8,50,000	45,000	8,95,000
Mr. Ashwin S. Dani	—	—	8,50,000	20,000	8,70,000

Salary includes bonus and Special Allowance.

* Perquisites include House Rent Allowance, Leave Travel Assistance, Medical Reimbursement, contribution to Provident Fund and such other perquisites, the monetary value of which are determined in accordance with the Income Tax Rules, 1962.

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 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.
- Your Company presently does not have a scheme for grant of stock options either to the Executive Directors or employees.

Details of Equity Shares held by Non-Executive Directors as on 31.03.2008

Director	No. of Shares held (including shares held jointly)
Mr. S. Mohanchand Dadha	28428
Mr. Hasmukh S. Shah	1200
Mr. Keki M. Mistry	4000
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. Intime Spectrum Registry Ltd, and/or the Company Secretary of the Company.

The Board has designated severally, Mr. Kamlesh H. Shah, Company Secretary 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 31st March, 2008. The dates on which Meetings were held are as follows: 18th May 2007, 23rd July 2007, 5th September 2007, 25th October 2007 and 30th January 2008. 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	5
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 124.

7. Share Allotment Committee

The Zero coupon Foreign Currency Convertible Bonds (FCCB) due 2009 for US\$ 350 Millions issued and allotted during Nov./ Dec, 2004 were convertible into equity shares of the Company at the option of the Bondholders at any time on or after 26th December, 2004 and prior to the close of business (at the place the Bond is deposited for conversion) on 16th November, 2009. Therefore in order to enable the Company to issue and allot equity shares on surrender of bonds for conversion as and when required, a Committee of Directors (Allotment) was constituted with effect from April 1, 2005 with powers to issue and allot equity shares arising out of such conversion of FCCBs. The Committee *inter alia* had the power to decide all matters relating to issue and allotment of equity shares of Rs.5/- each of the Company to the extent to which bondholder exercise their option for conversion of FCCBs into equity shares, to fix the record date, if any, required, to credit the equity shares so allotted through NSDL/CDSL/Other Depository to the concerned beneficiary account, to obtain approval of RBI for such issue and allotment under FEMA, as may be applicable, to file Listing application with the listed stock exchanges in India and if required abroad and to perform any of all the acts, deeds, things and matters as may be required in connection with such issue and allotment of equity shares.

The Company had an option to redeem the bonds at any time on or after November 26, 2007 and prior to November 16, 2009 and the Company had given notice in February 2008, for exercising the option for redemption of all the FCCBs remaining outstanding. However, before the redemption, the entire outstanding FCCBs issued by the Company had been converted into equity shares.

The Share Allotment Committee comprised of Mr. Dilip S. Shanghvi, Mr. Sailesh T. Desai and Mr. Sudhir V. Valia as the Chairman. Mr. Kamlesh H. Shah, Company Secretary & Compliance Officer shall act as the Secretary & Compliance Officer of the Committee and Mr. Ashok I. Bhuta, DGM (Legal & Secretarial) & Compliance Officer shall act as the Compliance Officer of the Committee.

14 meetings of the Share Allotment Committee were held during the year ended on 31st March, 2008, on the following dates:

21st April 2007, 19th May 2007, 9th June 2007, 28th June 2007, 21st July 2007, 11th August 2007, 14th October 2007, 20th October 2007, 3rd November 2007, 1st December 2007, 29th December 2007, 25th January 2008, 1st March 2008 and 20th March 2008.

The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Share Allotment Committee Meetings Attended
Mr. Sudhir V. Valia	Chairman	14
Mr. Dilip S. Shanghvi	Member	2
Mr. Sailesh T. Desai	Member	12

The Share Allotment Committee of the Company has been discontinued by the Board of Directors with effect from 30th May, 2008, since all the Foreign Currency Convertible Bonds issued by the Company, have been converted into Equity Shares.

8. Subsidiary Companies

The Company does not have a 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
2003-04	Twelfth Adjourned AGM	Hotel Taj Residency, Akota Gardens, Vadodara - 390 020.	30/09/2005	11.00 A.M
2004-05	Thirteenth AGM	Hotel Taj Residency, Akota Gardens, Vadodara - 390 020.	30/09/2005	11.15 A.M
2005-06	Fourteenth AGM	Chandarva Hall, Welcom Hotel, R. C. Dutt Road, Vadodara – 390 007.	20/09/2006	10.30 A.M.
2006-07	EGM	Conference Hall, 6th Floor, Hotel The Mirador, Next to Samarpan Complex, Opp. Solitaire Corporate Park, Chakala, Andheri (E), Mumbai-400 099.	28/07/2007	10.30 A.M.
2006-07	Fifteenth AGM	Chandarva Hall, Welcom Hotel, R. C. Dutt Road, Vadodara – 390 007.	05/09/2007	10.30 A.M

(ii) Special Resolutions passed during the last three years

a) At the Thirteenth Annual General Meeting:

1. Approval for revision of remuneration of Mr. Sailesh T. Desai, Whole time Director.

b) At the Fourteenth Annual General Meeting:

1. Approval for revision of remuneration of Mr. Dilip S. Shanghvi, Chairman & Managing Director
2. Approval for revision of remuneration of Mr. Sudhir V. Valia, Whole time Director
3. Approval for revision of remuneration of Mr. Sailesh T. Desai, Whole time Director

c) At Extraordinary General Meeting:

1. Approval for issue of FCCBs/GDRs/ADRs or any other securities upto an amount as specified in the resolution.
2. Approval for investment in shares and securities of other body corporates under Section 372A of the Companies Act, 1956 upto the limits specified in the resolution.

d) At the Fifteenth 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 Authorised Share Capital of the Company.
2. Re-appointment of Mr. Dilip S. Shanghvi, Chairman & Managing Director, and approval of terms and conditions of appointment including remuneration.
3. Approval for payment of commission to Non-Executive Directors of the Company.

(iii) Postal Ballot

During the year, the Company did not pass any resolution by Postal Ballot and does not have any business that requires Postal Ballot.

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.

- ◆ 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 contains a separate dedicated section 'Financials' 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. 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, International Accountants' 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.
- * SEBI EDIFAR: Annual Report, Quarterly Results, Shareholding Pattern etc. of the Company were also posted on the SEBI EDIFAR website www.sebiedifar.nic.in to the extent applicable, after which the same was replaced with Corporate Filing and Dissemination System.
- ◆ Corporate Filing and Dissemination System (CFDS): Filing of information through Corporate Filing and Dissemination System is now applicable as per the requirement of the Listing Agreement with the Stock Exchanges, and 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.co.in, National Stock Exchange of India Ltd. - www.nseindia.co.in, and Corporate Filing & Dissemination System website - www.corpfiling.co.in.

12. General Shareholder Information

12.1 Annual General Meeting:

- **Date and Time** : Saturday, 6th September, 2008
at 10.15 am.
- **Venue** : Hotel Taj Residency, Akota Gardens, Akota, Vadodara – 390 020, Gujarat.

- 12.2 Financial Calendar (tentative)** : Results for quarter ending 30th June 2008 – Last week of July 2008.
: Results for quarter ending 30th September 2008 – Last week of October 2008.
: Results for quarter ending 31st December 2008 – Last week of January 2009.
: Audited Results for year ended 31st March 2009 – 3rd or 4th week of May 2009.
- 12.3 Details of Book Closure For Equity Shareholders** : From Wednesday, 27th August, 2008 to Saturday, 6th September, 2008 (both days inclusive).
- 12.4 Dividend Payment Date** : On or after 8th September, 2008
- 12.5 (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) Listing of Preference Shares on Stock Exchanges** : The Preference shares of the Company were listed at The Bombay Stock Exchange Ltd., (BSE) and The National Stock Exchange of India Ltd. (NSE) (upto 1st November, 2007)
- (iii) Listing of Foreign Currency Convertible Bonds** : At Singapore Exchange Securities Trading Limited, Singapore (upto 20.03.2008).
- (iv) Payment of Listing Fee** : Listing Fees for the year ended 2008-09 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.

12.6 Stock Code:**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 Rs.5/- each : ISIN No. INE044A01028

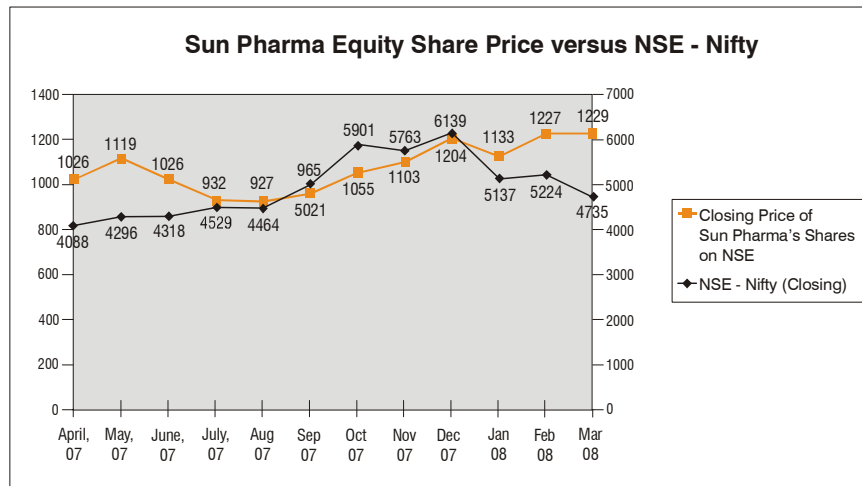
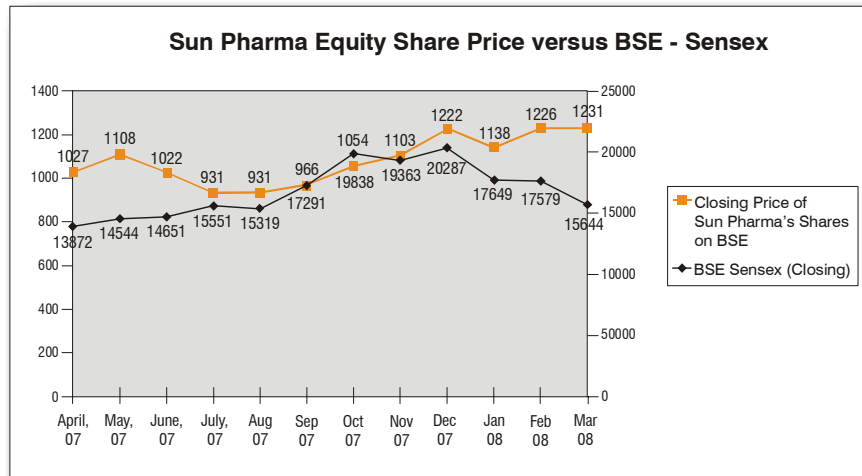
Preference Shares

- (a) Trading Symbol The Bombay Stock Exchange Ltd., (Demat Segment) - upto 1st November, 2007 : SUNPHARMA 700079
Trading Symbol National Stock Exchange (Demat Segment) - upto 1st November, 2007 : SUNPHARMA
- (b) Demat ISIN Numbers in NSDL and CDSL for Preference Shares – upto 1st November, 2007 : ISIN No. INE044A04014

12.7 Stock Market Data**Equity Shares:**

	Bombay Stock Exchange Ltd. (BSE) (in Rs.)		National Stock Exchange (NSE) (in Rs.)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2007	1196.00	988.00	1200.00	985.00
May 2007	1116.00	968.15	1135.00	910.05
June 2007	1132.00	1008.00	1129.00	1002.00
July 2007	1053.75	907.10	1053.00	908.00
August 2007	967.00	886.00	982.50	855.00
September 2007	1020.00	917.00	1038.00	916.20
October 2007	1074.90	900.00	1079.00	860.00
November 2007	1159.95	1021.00	1169.65	990.00
December 2007	1265.00	1050.00	1273.90	1065.05
January 2008	1220.00	890.00	1226.90	870.00
February 2008	1280.00	1046.20	1280.00	1050.55
March 2008	1352.00	1181.05	1385.00	1177.10

(Source: BSE and NSE website)



Preference Shares:

The preference shares of the Company have been fully redeemed on 1st November, 2007.

	Bombay Stock Exchange Ltd. (BSE) (in Rs.)		National Stock Exchange (NSE) (in Rs.)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2007	4.10	2.68	—	—
May 2007	4.30	2.53	—	—
June 2007	4.39	2.52	—	—
July 2007	6.30	2.75	—	—
August 2007	4.68	2.85	—	—
September 2007	4.49	2.60	—	—
October 2007	3.68	2.90	—	—

(Source: BSE and NSE website)

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 31st March, 2008.**

PERIOD	% Change in		
	SUN PHARMA SHARE PRICE	BSE SENSEX	SUNPHARMA RELATIVE TO SENSEX
Year-on-Year	16.83%	19.68%	-2.85%
2 Years	42.13%	38.69%	3.44%
3 Years	161.22%	140.95%	20.27%
5 Years	810.46%	413.15%	397.31%

Share price performance relative to Nifty based on share price on 31st March, 2008.

PERIOD	% Change in		
	SUN PHARMA SHARE PRICE	NIFTY	SUN PHARMA RELATIVE TO NIFTY
Year-on-Year	16.37%	23.89%	-7.52%
2 Years	43.02%	39.15%	3.88%
3 Years	163.53%	132.58%	30.95%
5 Years	805.93%	384.00%	421.93%

(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)

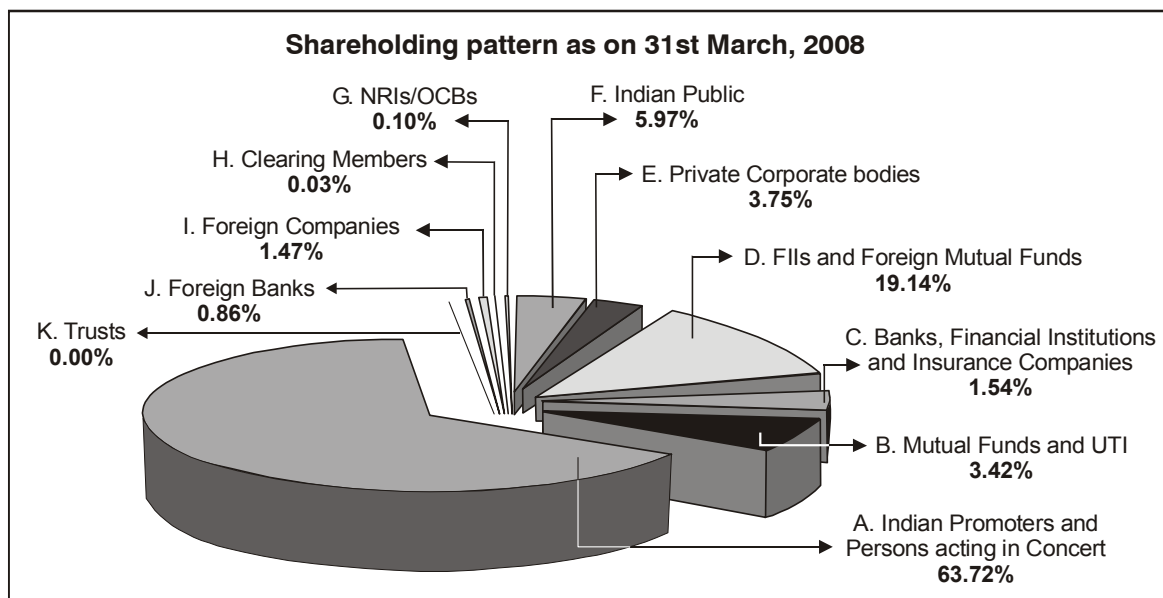
Mr. N. Mahadevan Iyer, Intime Spectrum Registry Ltd.,
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai – 400 078.
E-Mail: sunpharma@intimespectrum.com

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 and confirmation in respect of the request for dematerialisation of shares is sent to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) expeditiously.

12.11 Distribution of Shareholding as on March 31, 2008

No. of Equity Shares held	Folios		Shares	
	Numbers	% to total holders	Numbers	% to total shares
Upto 500	29348	84.25	2378925	1.15
501 - 1000	2049	5.88	1519721	0.73
1001 - 2000	2471	7.09	3081316	1.49
2001 - 3000	238	0.68	591701	0.28
3001 - 4000	103	0.30	368825	0.18
4001 - 5000	75	0.22	351232	0.17
5001 - 10000	153	0.44	1139616	0.55
10001 and above	396	1.14	197685055	95.45
Total	34833	100.00	207116391	100.00

12.12 (a) Shareholding Pattern as on 31st March, 2008 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 %	131,961,952
B. Mutual Funds and UTI	3.42 %	7,077,645
C. Banks Financial Institutions and Insurance Companies	1.54 %	3,195,272
D. FIIs and Foreign Mutual Funds	19.14 %	39,635,805
E. Private Corporate Bodies	3.75 %	7,760,577
F. Indian Public	5.97 %	12,363,664
G. NRIs / OCBs	0.10 %	217,584
H. Clearing Members	0.03 %	76,902
I. Foreign Companies	1.47 %	3,046,536
J. Foreign Banks	0.86 %	1,778,804
K. Trusts	0.00 %	1,650
Total	100.00 %	207,116,391

12.12 (b) Shareholding Pattern as on 31st March, 2008 of Preference Shares.

The Preference Shares of the Company have been fully redeemed on 1st November, 2007.

12.13 Dematerialisation of Shares

About 99.00% of the outstanding Equity shares have been de-materialised up to 31st March, 2008. Trading in Shares of the Company is permitted only in de-materialised form w.e.f. 29th November, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

The Equity Shares allotted pursuant to conversion of Foreign Currency Convertible Bonds (FCCBs) during the year were issued in de-materialised form.

Liquidity:

Your Company's equity shares are fairly liquid and are actively traded on The Bombay Stock Exchange Ltd.(BSE), and National Stock Exchange of India Ltd., (NSE). Relevant data for the **average daily turnover** for the financial year 2007-2008 is given below:

	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	53.015	215.673	268.688
In value terms (Rs. Millions)	56.368	231.653	288.021

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

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

The Company had during Nov./Dec.2004 issued 350,000 (Three Hundred and Fifty Thousands) Foreign Currency Convertible Bonds (FCCBs) of US\$1,000 each aggregating to US \$ 350,000,000 (Three Hundred and Fifty Millions), which are convertible at the option of the bondholder at a conversion price of Rs.729.30 per share of Rs. 5/- each at the fixed rate of exchange on conversion of Rs.45.01=US\$1. The bonds carried a zero coupon rate and if not converted, are to be redeemed after 5 years on November 26, 2009 or in case of certain defined earlier redemptions at an accelerated premium of 4.61% p.a. with half yearly rests.

The Company subject to satisfaction of certain conditions, had an option to redeem the bonds at any time on or after November 26, 2007 and prior to November 16, 2009. Accordingly, the Company had given notice on 13th February, 2008, for exercising the option for early redemption of the outstanding bonds, fixing the early redemption date as 27th March, 2008. However, all the balance outstanding FCCBs were converted into equity shares upto 20th March, 2008. The entire FCCBs issued by the Company have been converted into equity shares and as on 31.03.2008 there are no FCCBs remaining outstanding.

During the year 2007-08, 2,22,214 (Two Lakhs Twenty Two Thousand Two Hundred and Fourteen) FCCBs, have been converted into Equity Shares of Rs. 5/- each of the Company.

The Company has not issued any GDRs/ ADRs / warrants or any other convertible instruments, other than the Foreign Currency Convertible Bonds stated above.

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.
4. A-7 & A-8, MIDC Industrial Area, Ahmednagar – 414 111.
5. Plot No. 4708, GIDC, Ankleshwar – 393 002.
6. Sathammai Village, Karunkuzhi Post, Madurnthakam T.K. Kanchipuram Dist. Tamilnadu – 603 303.
7. Halol-Baroda Highway, Halol, Gujarat – 389350.
8. Plot No. 817/A, Karkhadi – 391 450, Taluka: Padra, Distt. Vadodara.

12.16 Investor Correspondence

- (a) For transfer/dematerialisation of Shares, payment of dividend on Shares, and any other query relating to the shares of the Company

For Shares held in Physical Form

Mr. N. Mahadevan Iyer, Intime Spectrum Registry Ltd.,
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai – 400 078.
E-Mail: sunpharma@intimespectrum.com
Tel: 022-25963838, 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

Mr.Kamlesh H. Shah/ Mr.Ashok I. Bhuta/ Ms. Mira Desai,
Acme Plaza, Andheri Kurla Road,
Andheri (East), Mumbai – 400 059.
kamlesh.shah@sunpharma.com
ashok.bhuta@sunpharma.com
mira.desai@sunpharma.com
corpcomm@sunpharma.com

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & *Managing Director*

SUDHIR V. VALIA
Whole - Time Director

SAILESH T. DESAI
Whole - Time Director

Mumbai, 14th July, 2008

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

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

For Sun Pharmaceutical Industries Ltd.,

Dilip S. Shanghvi
Chairman & Managing Director

Mumbai, 14th July, 2008

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

To The Members of Sun Pharmaceutical Industries Limited,

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

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

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

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

N. P. Sarda
Partner

Mumbai, 14th July, 2008

Membership No. 9544