

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 Corporate Governance

The Company's philosophy on Corporate Governance is guided by strong emphasis on transparency, accountability, responsibility, fairness, integrity, consistent value systems, and delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company's beliefs on Corporate Governance are intended at supporting the management of the Company for competent conduct of its business and ensuring long term value for shareholders, as well as customers, suppliers, employees and statutory authorities.

The Company is committed to implement the standards of good Corporate Governance and endeavors to preserve and nurture these core values in all its activities with an aim to increase and sustain its corporate value through growth and innovation.

### 2. Board of Directors

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

Composition and category of Directors is as follows:

Category	Name of the Director	Inter-se Relationship between Director
Promoter Executive Director	Mr. Dilip S. Shanghvi (Chairman and Managing Director)	Brother-in-law of Mr. Sudhir V. Valia
Non-Promoter Executive Director	Dr. T. Rajamannar (Whole - Time Director)	—
Non Executive & Non Independent Director	Mr. Sudhir V. Valia	Brother-in-law of Mr. Dilip S. Shanghvi
Non Executive Independent Directors	Mr. S. Mohanchand Dadha	—
	Dr. Goverdhan Mehta	—
	Dr. Andrea Vasella	—

Number of Board Meetings held and the dates on which held: 8 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: 5<sup>th</sup> May, 2007, 18<sup>th</sup> May, 2007, 19<sup>th</sup> May, 2007, 4<sup>th</sup> June 2007, 23<sup>rd</sup> July 2007, 5<sup>th</sup> September 2007, 27<sup>th</sup> October 2007, and 24<sup>th</sup> 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 given below:

Name of the Director	Number of Board meetings held during the year during his tenure as a Director	Attendance Particulars for the year ended 31st March, 2008		*No. of other directorships and committee memberships / chairmanships as of 31st March, 2008		
		Board Meetings	Last AGM held on 5 <sup>th</sup> September, 2007	Other Directorships	Committee Memberships **	Committee Chairmanships **
Mr. Dilip S. Shanghvi	8	6	Yes	1	1	—
Mr. Sudhir V. Valia	8	8	Yes	1	1	—
Dr. T. Rajamannar #	4	4	Yes	—	—	—
Mr. S. Mohanchand Dadha #	4	4	Yes	3	2	—
Dr. Goverdhan Mehta #	4	4	Yes	1	—	—
Dr. Andrea Vasella #	4	4	Yes	—	—	—
Mr. Sailesh T. Desai ##	4	4	N.A.	N.A.	N.A.	N.A.

# SPARC CORPORATE GOVERNANCE

## **Note:**

# Appointed as Director of the Company with effect from 04.06.2007.

## Resigned as Director of the Company with effect from 04.06.2007.

\* 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. Dr. T. Rajamannar 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) Dr. T. Rajamannar (46 years), is a M. Sc. from University of Madras, Ph.D in Organic Chemistry from IIT Madras and holds Post Doctoral qualification from University of Zurich, Switzerland. He has extensive experience in the pharmaceutical Industry.

Dr. T. Rajamannar was an employee of Sun Pharmaceutical Industries Ltd., since 1993 and has been transferred to SPARC pursuant to the Scheme of Arrangement for Demerger sanctioned by the Honourable High Court of Gujarat at Ahmedabad, and at present he is the Whole-Time Director of the Company. He has 15 research publications in international journals and over 100 patent applications filed, to his credit. He is the recipient of CSIR Award from 1983 to 1988. He is a Council Member of Chemical Research Society of India and National Organic Symposium Trust. Presently, he is also a Director of SPARC Bio-Research Pvt. Ltd.

- (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 Pharmaceutical Industries Ltd., Wardex Pharmaceuticals Ltd., Dadha Pharma Pvt. Ltd., and Kerala Chemists and Distributors Alliance Ltd.

He is a member of the Audit Committee and Shareholders/Investor Grievance Committee of Sun Pharmaceutical Industries 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.in](http://www.sunpharma.in).

## **4. Audit Committee**

The Board of the Company, has constituted an Audit committee with effect from 4<sup>th</sup> June, 2007, which comprises of three independent non-executive Directors viz. Mr. S. Mohanchand Dadha, Dr. Goverdhan Mehta and Dr. Andrea Vasella. Mr. S. Mohanchand Dadha is the Chairman of the Audit Committee. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. Mr. Sunil R. Ajmera 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 31<sup>st</sup> March, 2008. The dates on which Meetings were held are as follows:

23<sup>rd</sup> July, 2007, 5<sup>th</sup> September, 2007, 27<sup>th</sup> October, 2007 and 24<sup>th</sup> January 2008.

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

Name of the Director	Chairman/Member	No. of Audit Committee Meetings attended
Mr. S. Mohanchand Dadha	Chairman	4
Dr. Goverdhan Mehta	Member	4
Dr. Andrea Vasella	Member	4

#### 5. Remuneration Committee

The Company has formed a Remuneration Committee of its Board of Directors with effect from 23<sup>rd</sup> July, 2007. The Committee comprises of three non-executive and independent Directors Mr. S. Mohanchand Dadha, Dr. Goverdhan Mehta and Dr. Andrea Vasella as Members of the Committee. Mr. S. Mohanchand Dadha is the Chairman of the Committee.

Mr. Sunil R. Ajmera, Company Secretary & Compliance Officer is the Secretary & Compliance Officer of the Committee.

The terms of reference of the Remuneration Committee includes approval of remuneration of Whole-Time Directors, and review of compensation structure/remuneration policy of the Company.

Four meetings of the Remuneration Committee were held during the year ended on 31<sup>st</sup> March, 2008. The dates on which Meetings were held are as follows:

23<sup>rd</sup> July, 2007, 5<sup>th</sup> September, 2007, 27<sup>th</sup> October, 2007 and 24<sup>th</sup> January 2008.

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

Name of the Director	Chairman/Member	No. of Remuneration Committee Meetings attended
Mr. S. Mohanchand Dadha	Chairman	4
Dr. Goverdhan Mehta	Member	4
Dr. Andrea Vasella	Member	4

#### Details of remuneration paid to all the Directors for the year:

No remuneration is paid to Mr. Dilip S. Shanghvi, Chairman & Managing Director 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*	Sitting Fees	Total
Mr. Dilip S. Shanghvi	—	—	—	—
Dr. T. Rajamannar	7,764,840	3,149,654	—	10,914,494
Mr. Sudhir V. Valia	—	—	1,60,000	1,60,000
Mr. S. Mohanchand Dadha	—	—	2,60,000	2,60,000
Dr. Goverdhan Mehta	—	—	3,00,000	3,00,000
Dr. Andrea Vasella	—	—	3,00,000	3,00,000

# Salary includes bonus and Special Allowance.

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\* 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, the Whole-Time Director is also entitled to encashment of leave and Gratuity at the end of tenure, as per the rules of the Company.

### Notes: -

- The Agreement with Mr. Dilip S. Shanghvi, Chairman & Managing Director, 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.
- Dr. T. Rajamannar, has been appointed as the Whole-time Director of the Company for a period of three years effective from 4<sup>th</sup> June, 2007. As per terms of his employment, his appointment is terminable by giving 3 months notice, by either party.
- The 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

Director	No. of Shares
Mr. Sudhir V. Valia(including shares held jointly)	1839600
Mr. S. Mohanchand Dadha (including shares held jointly)	28428
Dr. Goverdhan Mehta	Nil
Dr. Andrea Vasella	Nil

## 6. Shareholders'/Investors' Grievance Committee

The Board of the Company had constituted a Shareholders'/Investors' Grievance Committee with effect from 4<sup>th</sup> June, 2007, comprising of Mr. Dilip S. Shanghvi, Dr. T. Rajamannar, Mr. S. Mohanchand Dadha as members with Mr. Sudhir V. Valia as the Chairman of the Committee. However, at the Board Meeting held on 5<sup>th</sup> September, 2007, Mr. S. Mohanchand Dadha and Mr. Dilip S. Shanghvi indicated their inability to continue as members of Shareholders/ Investors Grievance Committee, due to their other pre-occupations therefore resigned as members of the Committee. The Board of Directors therefore reconstituted the said Committee and presently the committee comprises of Dr. T. Rajamannar, Dr. Goverdhan Mehta, Prof. Dr. Andrea Vasella as members with Mr. Sudhir V. Valia, Non-Executive Director, as the Chairman of the Committee.

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 Mr. Sunil R. Ajmera, Company Secretary as the Compliance Officer of the Company.

Four meetings of the Shareholders'/Investors' Grievance Committee were held during the year ended 31<sup>st</sup> March, 2008. The dates on which Meetings were held are as follows: 23<sup>rd</sup> July 2007, 5<sup>th</sup> September 2007, 27<sup>th</sup> October 2007, and 24<sup>th</sup> January 2008.

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

Name of the Director	Chairman/ Member	Number of committee meetings held during the year during his tenure as a member	No. of Shareholders'/ Investors' Grievance Committee Meetings attended
Mr. Sudhir V. Valia	Chairman	4	4
Mr. Dilip Shanghvi*	Member	1	1*
Mr. S. Mohanchand Dadha*	Member	1	1*
Dr. T. Rajamannar	Member	4	4
Dr. Goverdhan Mehta**	Member	3	3**
Dr. Andrea Vasella**	Member	3	3**

**Note:**

\* Ceased to be a Member of the Committee with effect from 5<sup>th</sup> September, 2007.

\*\* Appointed as Member of the Committee with effect from 5<sup>th</sup> September, 2007.

**Investor Complaints :**

The total number of complaints received and resolved to the satisfaction of shareholders during the year under review, were 22.

**7. Committee of Directors (Allotment)/Share Allotment Committee**

Pursuant to clause 10.2 of the Scheme of Arrangement for Demerger sanctioned by the Honourable High Court of Gujarat vide its order dated 01.03.2007 issued on 28.03.2007, wherein the Innovative Research & Development Unit stands vested in the Company, and as per the Supplementary Trust Deed dated 18.05.2007, entered into by the Company with Sun Pharmaceutical Industries Ltd. and Citicorp Trustee Co. Ltd., the Foreign Currency Convertible Bond (FCCB) holders of Sun Pharmaceutical Industries Ltd. (SPIL), were entitled to One Equity Share of Re.1/- each of the Company for every Equity Share of Rs.5/- each of SPIL allotted to them on exercise of conversion option of Foreign Currency Convertible Bonds of US\$1000 each (FCCBs) held by them.

Therefore, the Board of Directors of the Company have constituted Committee of Directors (Allotment) of the Company with effect from 4<sup>th</sup> June, 2007, with powers to issue and allot equity shares arising out of such conversion of FCCBs of Sun Pharmaceutical Industries Ltd.

The Committee *inter alia* had the power to decide all matters relating to issue and allotment of equity shares of Re. 1/- each of the Company, 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 Committee comprised of Mr. Dilip S. Shanghvi, Dr. T. Rajamannar as members with Mr. Sudhir V. Valia as the Chairman of the Committee.

12 meetings of the Share Allotment Committee were held during the year ended on 31<sup>st</sup> March, 2008, on the following dates:

9<sup>th</sup> June 2007, 28<sup>th</sup> June 2007, 21<sup>st</sup> July 2007, 11<sup>th</sup> August 2007, 14<sup>th</sup> October 2007, 20<sup>th</sup> October 2007, 3<sup>rd</sup> November 2007, 1<sup>st</sup> December 2007, 29<sup>th</sup> December 2007, 25<sup>th</sup> January 2008, 1<sup>st</sup> March 2008 & 20<sup>th</sup> March 2008.

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

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

The Share Allotment Committee of the Company has been discontinued by the Board of Directors with effect from 14<sup>th</sup> May, 2008, since all the Foreign Currency Convertible Bonds of Sun Pharmaceutical Industries Ltd., have been converted into Equity Shares.

**8. Subsidiary Companies**

The Company does not have any subsidiary.

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## 9. General Body Meetings

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

Year	Meeting	Location	Date	Time
2005-06	First AGM	SPARC, Tandalja, Vadodara - 390 020 Gujarat	12-08-2006	10.30 A.M
2006-07	Second AGM	Chandarva Hall, Welcom Hotel, R. C. Dutt Road, Vadodara - 390 007 Gujarat	05-09-2007	11.45 A.M

(ii) Special Resolutions passed during the last three years

(a) At the First Annual General Meeting:

1. Authority for Inter Corporate Loans and Investment under Section 372A of the Companies Act, 1956, upto the limits specified in the resolution.
2. Authority to the Board to borrow in excess of the aggregate Paid-up Capital and its Free Reserves pursuant to section 293 (1) (d) of the Companies Act, 1956, upto the limits specified in the resolution.
3. Authority to the Board pursuant to section 293(1)(a) of the Companies Act, 1956, upto the limits specified in the resolution.
4. Authority to the Board pursuant to section 293(1)(e) of the Companies Act, 1956, upto the limits specified in the resolution.

(b) At the Second Annual General Meeting :

1. Approval of appointment and remuneration of Dr. T. Rajamannar, Whole Time Director.

(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 three 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 formed Remuneration Committee of the Board of Directors of the Company.
  - (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.

- (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 meets the requirements of the Whistle Blower Policy.

## 11. Means of Communication

- ◆ **Website:** The Company's website [www.sunpharma.in](http://www.sunpharma.in) 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. 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.in](http://www.sunpharma.in). These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in all English Editions and Gujarati Edition of 'Financial Express'.
- ◆ **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, 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.
- ◆ **Corporate filing:** 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](http://www.bseindia.co.in), National Stock Exchange of India Ltd. - [www.nseindia.co.in](http://www.nseindia.co.in), and Corporate Filing & Dissemination System website - [www.corpfiling.co.in](http://www.corpfiling.co.in).

## 12. General Shareholder Information

### 12.1 Annual General Meeting:

- **Date and Time** : Saturday, 6<sup>th</sup> September, 2008  
at 11.15 am.
- **Venue** : Hotel Taj Residency, Akota Gardens, Akota,  
Vadodara – 390 020, Gujarat.

### 12.2 Financial Calendar (tentative)

- : Results for quarter ending 30<sup>th</sup> June 2008 – Last week of July 2008.
- : Results for quarter ending 30<sup>th</sup> September 2008 – Last week of October 2008.
- : Results for quarter ending 31<sup>st</sup> December 2008 – Last week of January 2009.
- : Audited Results for year ended 31<sup>st</sup> March 2009 – 3<sup>rd</sup> or 4<sup>th</sup> week of May 2009.

### 12.3 Details of Book Closure For Equity Shareholders

- : From Wednesday, 27<sup>th</sup> August, 2008 to Saturday, 6<sup>th</sup> September, 2008 (both days inclusive).

### 12.4 Dividend Payment Date

- : N.A.

### 12.5 (i) Listing of Equity Shares on Stock Exchanges

- : The Equity Shares of the Company have been listed during the year, at The Bombay Stock Exchange Ltd., (BSE) and The National Stock Exchange of India Ltd. (NSE), with effect from 18<sup>th</sup> July, 2007.

### (ii) 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.

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## 12.6 Stock Code:

### Equity Shares

- (a) Trading Symbol The Bombay Stock Exchange Ltd., (Demat Segment): **SUNPHA ADV 532872**  
 Trading Symbol National Stock Exchange (Demat Segment): **SPARC**
- (b) Demat ISIN Numbers in NSDL and CDSL for Equity Shares of Re.1/- each **ISIN No. INE232I01014**

## 12.7 Stock Market Data

The Equity Shares of the Company have been listed during the year on The Bombay Stock Exchange Ltd., (BSE) and National Stock Exchange of India Ltd., (NSE) with effect from 18<sup>th</sup> July, 2007.

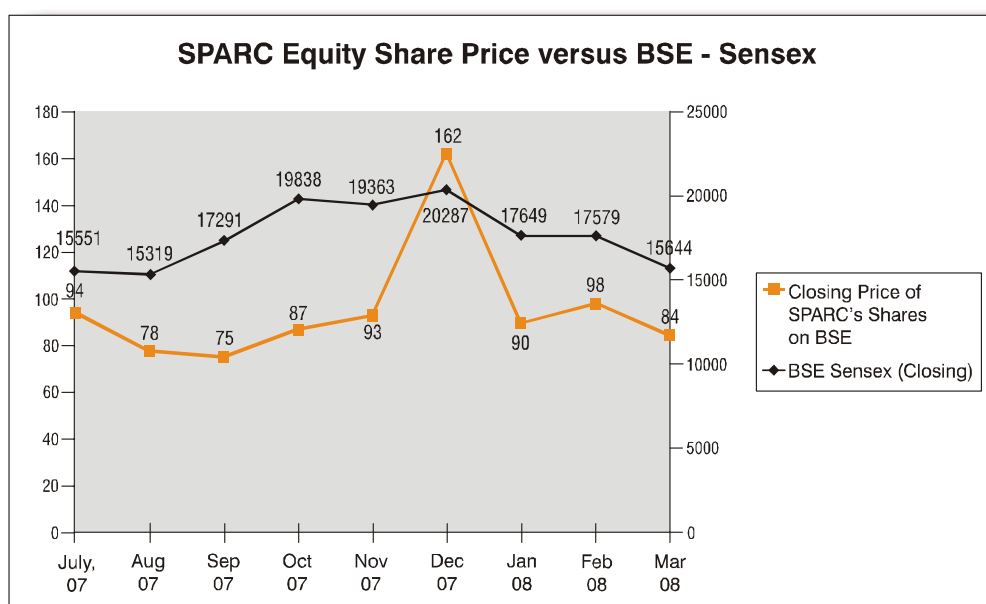
Equity Shares of Re.1/- each :

	Bombay Stock Exchange Ltd. (BSE) (in Rs.)		National Stock Exchange of India Ltd. (NSE) (in Rs.)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
July 2007	125.45	71.00	124.50	78.10
August 2007	93.90	66.60	93.45	61.85
September 2007	83.40	73.10	83.30	73.50
October 2007	107.25	74.10	107.30	72.25
November 2007	103.30	79.00	103.75	78.10
December 2007	186.00	90.50	186.90	90.25
January 2008	166.00	89.55	166.00	89.60
February 2008	104.00	85.25	103.15	87.00
March 2008	100.80	71.10	100.90	72.25

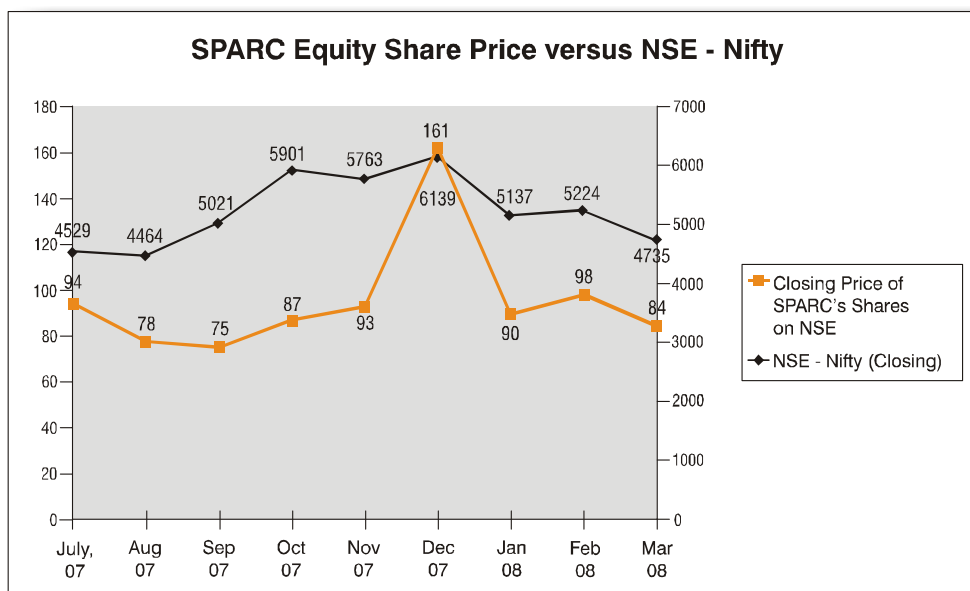
(Source: BSE and NSE website)

## 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 31<sup>st</sup> March, 2008.







**Note: The Equity Shares of the Company have been listed during the year on BSE and NSE with effect from 18<sup>th</sup> July, 2007.**

### 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: sparcc@intimespectrum.com

### 12.10 Share Transfer System

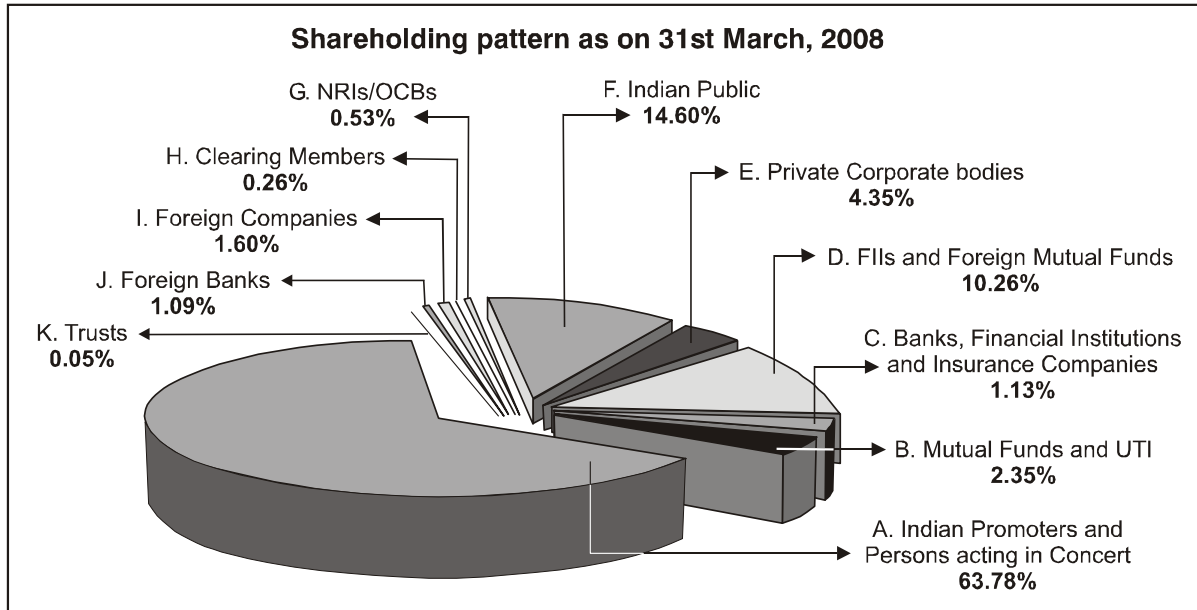
Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share Transfer Agents and the share certificates are returned within a period of 15 to 16 days from the date of receipt, subject to the documents being valid and complete in all respects 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 5000	59414	98.64	18154378	8.77
5001 - 10000	378	0.63	2901558	1.40
10001 - 20000	172	0.29	2475469	1.19
20001 - 30000	38	0.06	954606	0.46
30001 - 40000	34	0.06	1193044	0.58
40001 - 50000	27	0.04	1235324	0.60
50001 - 100000	63	0.10	4952395	2.39
100001 and above	110	0.18	175249617	84.61
<b>Total</b>	<b>60236</b>	<b>100.00</b>	<b>207116391</b>	<b>100.00</b>

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## 12.12 (a) Shareholding Pattern as on 31<sup>st</sup> 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	63.78 %	132,104,977
B. Mutual Funds and UTI	2.35 %	4,858,259
C. Banks Financial Institutions and Insurance Companies	1.13 %	2,341,206
D. FIs and Foreign Mutual Funds	10.26 %	21,254,953
E. Private Corporate Bodies	4.35 %	9,003,502
F. Indian Public	14.60 %	30,236,609
G. NRIs / OCBs	0.53 %	1,094,731
H. Clearing Members	0.26 %	542,239
I. Foreign Companies	1.60 %	3,317,261
J. Foreign Banks	1.09 %	2,260,964
K. Trusts	0.05 %	101,690
<b>Total</b>	<b>100.00 %</b>	<b>207,116,391</b>

## 12.13 Dematerialisation of Shares

About 99.02% of the Equity shares of the Company have been de-materialised up to 31<sup>st</sup> March, 2008.

The Equity Shares allotted during the year pursuant to the Scheme of Arrangement for Demerger, on conversion of Foreign Currency Convertible Bonds (FCCBs) of Sun Pharmaceutical Industries Ltd., 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)	469.11	504.29	973.40
In value terms (Rs. Millions)	50.21	52.84	103.05

**Note: The Equity Shares of the Company have been listed during the year on BSE and NSE with effect from 18<sup>th</sup> July, 2007.**

(Source: BSE and NSE website)

**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. However, pursuant to clause 10.2 of the Scheme of Arrangement for Demerger sanctioned by the Honourable High Court of Gujarat vide its order dated 01.03.2007 issued on 28.03.2007, wherein the Innovative Research & Development Unit stands vested in the Company, and as per the the Supplementary Trust Deed dated 18.05.2007, entered into by the Company with Sun Pharmaceutical Industries Ltd. and Citicorp Trustee Co. Ltd., the Foreign Currency Convertible Bond (FCCB) holders of Sun Pharmaceutical Industries Ltd. (SPIL), were entitled to One Equity Share of Re.1/- each of the Company alongwith every Equity Share of Rs.5/- each of SPIL allotted to them on exercise of conversion option of Foreign Currency Convertible Bonds of US\$1000 each (FCCBs) held by them.

During the year 2007-08, the Company has issued 13,714,271 Equity Shares (including allotment of 1,016,778 Equity Shares pertaining to FCCBs converted by SPIL on 21.04.2007, prior to record date i.e. 30.04.2007 for allotment of Shares pursuant to Demerger) of Re.1/- each of the Company to the FCCB holders on exercise of conversion option by the bondholders. The entire FCCBs issued by SPIL have been converted in to equity shares and as on 31.03.2008 there are no FCCBs of SPIL remaining outstanding.

**12.15 R&D / Plant locations :**

1. SPARC, Tandalja, Vadodara, Gujarat – 390 020.
2. SPARC, 17/B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

**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: sparc@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@sparcmail.com

(c) Any query on Annual Report

**Mr. Sunil R. Ajmera**

17/B, Mahal Industrial Estate,  
Mahakali Caves Road, Andheri (East), Mumbai - 400 093.  
sunil.ajmera@sparcmail.com  
secretarial@sparcmail.com

For and on behalf of the Board

**DILIP S. SHANGHVI**

*Chairman & Managing Director*  
New York, 14th May, 2008

**SUDHIR V. VALIA**

*Director*

**Dr. T. RAJAMANNAR**

*Wholtime Director*

Mumbai, 14th May, 2008

**DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT**

I, Dilip S. Shanghvi, Chairman & Managing Director of Sun Pharma Advanced Research Company 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 Pharma Advanced Research Company Ltd.,

**Dilip S. Shanghvi**

*Chairman & Managing Director*

Date: 14th May, 2008

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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 Pharma Advanced Research Company Limited,**

We have examined the compliance of conditions of Corporate Governance by Sun Pharma Advanced Research Company 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 above mentioned 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

**K. A. KATKI**

Partner

London, U.K., 14th May, 2008

(Membership No. 038568)