

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 focussed 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
Promoter Executive Director	Mr. Dilip S. Shanghvi (Chairman and Managing Director)
Non-Promoter Executive Directors	Mr. Sudhir V. Valia (Whole-time Director) Mr. Sailesh T. Desai (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 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: 4th April, 2005, 27th April, 2005, 27th July, 2005, 18th August, 2005, 30th September, 2005, 28th October, 2005, 30th January, 2006 and 9th February, 2006.

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, 2006		* No. of other directorships and committee memberships/ chairmanships as of 31st March, 2006		
	Board Meetings	Last AGM held on 30 th September, 2005	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Dilip S. Shanghvi	8	Yes	1	—	—
Mr. Sudhir V. Valia	8	Yes	3	—	—
Mr. Sailesh T. Desai	7	Yes	3	—	—
Mr. S. Mohanchand Dadha	7	Yes	1	—	—
Mr. Hasmukh S. Shah	7	Yes	9	2	1
Mr. Keki M. Mistry	6	Yes	11	6	1
Mr. Ashwin S. Dani	6	No	6	2	2

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

Sun Pharmaceutical Industries Ltd.



Note: 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. Hasmukh S. Shah and Mr. Keki M. Mistry who retire by rotation at the ensuing Annual General Meeting, and are proposed to be reappointed is given as under:

- (a) Mr. Hasmukh S. Shah (71), is a Director of the Company since 22nd March, 2001. Mr. Shah is a B.A Economics (Hons) and M.A in Sociology with 1st Rank in the University. Mr. Shah has over four decades of experience in senior management positions. He is the Chairman of Shaily Engineering Plastics Ltd., Gujarat Gas Co. Ltd. and Oswal Multimedia KID Ltd. Mr. Shah is also a Director in the following Companies : Dinesh Remedies Ltd., Supreme Petrochem Ltd., ATUL Ltd., Deepak Nitrite Ltd., Cosmo Films Ltd. and Micro Inks Ltd.

Shri Shah is a former Chairman of Indian Petrochemicals Corporation Limited and Gujarat Industrial Investment Corporation and has held senior positions in Government of India including Joint Secretary to the Prime Minister.

He also serves as the Chairman of Shareholders'/ Investors' Grievance Committee of Micro Inks Ltd. and member of Audit Committees of Micro Inks Ltd. and Dinesh Remedies Ltd.

- (b) Mr. Keki Mino Mistry (51) joined the Board on 28th August, 2002. At present, he is the Managing Director of Housing Development Finance Corporation Limited (HDFC). He joined HDFC in October, 1981. Prior to joining HDFC, Mr. Mistry worked in the Indian Hotels Co. Ltd as Accounts Officer.

Mr. Mistry is a Fellow Member of the Institute of Chartered Accountants of India and a Member of the Michigan Association of Certified Public Accountants, USA.

He has rich experience in Finance and worked as a consultant to the Commonwealth Development Corporation in Bangkok, Thailand, Mauritius, Caribbean Islands & Jamaica, Asian Development Bank and Mauritius Housing Company.

Presently, he is the Chairman of Gruh Finance Ltd and Intelnet Global Services Pvt. Ltd. and is on the Board of Housing Development Finance Corporation Ltd., HDFC Developers Ltd., HDFC Bank Ltd., HDFC Trustee Company Ltd., HDFC Standard Life Insurance Company Ltd., HDFC Chubb General Insurance Company Ltd., Infrastructure Leasing & Financial Services Ltd., Mahindra Holidays & Resorts India Ltd., The Great Eastern Shipping Company Ltd., NexGen Publishing Ltd. and India Value Fund Advisors Pvt. Ltd.

He serves as the member of Shareholders'/ Investors' Grievance Committee of Housing Development Finance Corporation Ltd., member of Audit Committees of HDFC Standard Life Insurance Company Ltd., HDFC Trustee Company Ltd., Gruh Finance Ltd., Infrastructure Leasing & Financial Services Ltd. and The Great Eastern Shipping Company Ltd. He also serves as the Chairman of Audit Committee of HDFC Chubb General Insurance 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 Board of the Company has constituted an Audit Committee, which 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.

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.

Five Audit Committee Meetings were held during the year ended 31st March, 2006. The dates on which Meetings were held are as follows: 27th April, 2005, 27th July, 2005, 18th August, 2005, 28th October, 2005 and 30th January, 2006. The attendance of each Member of the Committee is given below:

Name of the Director	No. of Audit Committee Meetings attended
Mr. Keki M. Mistry	5
Mr. S. Mohanchand Dadha	4
Mr. Hasmukh S. Shah	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 participating Non- Executive Directors (NEDs) 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.

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

The details of the remuneration paid/payable to the Directors during the year 2005-2006 are given below:

(Amount in Rs.)

Directors	Salary #	Perquisites *	Commission	Sitting Fees	Total
Mr. Dilip S. Shanghvi	76,50,000	8,14,978	—	—	84,64,978
Mr. Sudhir V. Valia	76,50,000	8,17,210	—	—	84,67,210
Mr. Sailesh T. Desai	29,34,200	2,83,560	—	—	32,17,760
Mr. S. Mohanchand Dadha	—	—	6,65,000	80,000	7,45,000
Mr. Hasmukh S. Shah	—	—	6,65,000	80,000	7,45,000
Mr. Keki M. Mistry	—	—	6,65,000	55,000	7,20,000
Mr. Ashwin S. Dani	—	—	6,65,000	30,000	6,95,000

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

Director	No. of Shares
Mr. S. Mohanchand Dadha	28,428
Mr. Hasmukh S. Shah	Nil
Mr. Keki M. Mistry	Nil
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.

Six Shareholders'/Investors' Grievance Committee Meetings were held during the year ended 31st March, 2006. The dates on which Meetings were held are as follows: 4th April, 2005, 27th April, 2005, 27th July, 2005, 18th August, 2005, 28th October, 2005 and 30th January, 2006. The attendance of each Member of the Committee is given below:

Name of the Director	No. of Shareholders'/Investors' Grievance Committee Meetings attended
Mr. Hasmukh Shah	5
Mr. Sudhir V. Valia	6
Mr. Dilip Shanghvi	6
Mr. S. Mohanchand Dadha	5

The total numbers of complaints were received and resolved to the satisfaction of shareholders during the year under review, were 166.

7. Share Allotment Committee

The Zero coupon Foreign Currency Convertible Bonds (FCCB) due 2009 for US\$ 350 Million issued and allotted during Nov./ Dec, 2004 are 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* shall have 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 in to 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 Committee comprises of Mr. Dilip S. Shanghvi, Mr. Sailesh T. Desai and Mr. Sudhir V. Valia as the Chairman. Mr. Kamlesh 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.

One Share Allotment Committee meeting was held during the year on 31st March, 2006. The attendance of each Member of the Committee is given below :

Name of the Director	Attendance at the Share Allotment Committee Meeting held on 31st March, 2006
Mr. Sudhir V. Valia	Yes
Mr. Dilip S. Shanghvi	No
Mr. Sailesh T. Desai	Yes

8. Subsidiary Companies

The Company does not have a material non-listed Indian subsidiary 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 subsidiary Companies were placed before and reviewed by the Audit Committee of the Company.

Copies of the Minutes of the Board Meetings of the subsidiary Companies were placed at the Board Meetings of the Company held subsequent to the date of new Clause 49 coming into force i.e with effect from 1st January, 2006.

9. General Body Meetings

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

Year	Meeting	Location	Date	Time
2002-03	AGM	Marigold, Hotel Taj Residency, Akota Gardens Vadodara - 390 020.	30/09/2003	10.30 A.M,
2004-05	EGM	All India Plastic Manufacturers Association Auditorium, AIPMA House, 2 nd Floor, A-52, Road No. 1, Opp. Hotel Tunga, MIDC, Andheri (E), Mumbai – 400 093	06/05/2004	10.30 A.M
2004-05	EGM	Vishal Hall, Hotel Highway Inn, Andheri-Kurla Road, Near Andheri Railway Station, Opp. Andheri Gymkhana, Andheri (E), Mumbai – 400 069.	31/07/2004	10.30 A.M
2003-04	AGM	Marigold, Hotel Taj Residency, Akota Gardens, Vadodara - 390 020.	30/12/2004	10.30 A.M
2004-05	EGM	Conference Hall, 8 th Floor, Hotel The Mirador, Next to Samarpan Complex, Opp. Solitaire Corporate Park, New Link Road, Chakala, Andheri (E), Mumbai – 400 099	08/02/2005	11.00 A.M
2003-04	Twelfth Adjourned AGM	Hotel Taj Residency, Akota Gardens, Vadodara - 390 020.	30/09/2005	11.00 A.M
2004-05	AGM	Hotel Taj Residency, Akota Gardens, Vadodara - 390 020.	30/09/2005	11.15 A.M

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 issued by ICAI.
- 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.
 - (iv) The auditors have given an unqualified opinion for the year ended 31st March, 2006.
 - (v) 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.
 - (vi) The Company's Board of Directors endeavour 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.
 - (vii) At present the Company does not have a mechanism for evaluating its Non-Executive Directors by peer group.
 - (viii) 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.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. 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 are also posted on the SEBI EDIFAR website www.sebiedifar.nic.in.

12. General Shareholder Information

12.1 Annual General Meeting:

- **Date and Time** : 20th September , 2006 at 10.30 A.M..
- **Venue** : Chandarva Hall, Welcom Hotel, R. C. Dutt Road, Vadodara – 390 007, Gujarat.

- 12.2 Financial Calendar (tentative)** : Results for quarter ending 30th September 2006 – Last week of October 2006.
 : Results for quarter ending 31st December 2006 – Last week of January 2007.
 : Audited Results for year ended 31st March 2007 – 2nd week of May 2007.

12.3 Details of Book Closure For Equity & Preference Shareholders

- : From 8th September, 2006 to 13th September, 2006 (both days inclusive).

- 12.4 Dividend Payment Date** : On or after 20th September, 2006.

12.5 (i) Listing of Equity Shares on Stock Exchanges

- : At Bombay Stock Exchange Ltd., Mumbai (BSE) and The National Stock Exchange of India Ltd. (NSE). The Company's Equity Shares have been delisted from the Calcutta Stock Exchange Association Ltd. (CSE), Kolkata vide its letter No.CSEA/LD/ 2006 dated 25th July, 2006 under Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

(ii) Listing of Preference Shares on Stock Exchanges

- : At Bombay Stock Exchange Ltd., Mumbai (BSE) and the National Stock Exchange of India Ltd. (NSE).

(iii) Listing of Foreign Currency Convertible Bonds

- : At Singapore Exchange Securities Trading Limited, Singapore.

(iv) Payment of Listing Fee

- : Listing Fees for the year ended 2005-06 have been paid to Bombay Stock Exchange Ltd., Mumbai and The National Stock Exchange of India Ltd, where the Company's Equity and Preference Shares are continued to be listed.

12.6 Stock Code:

Equity Shares

- a) Trading Symbol Bombay Stock Exchange Ltd., Mumbai (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

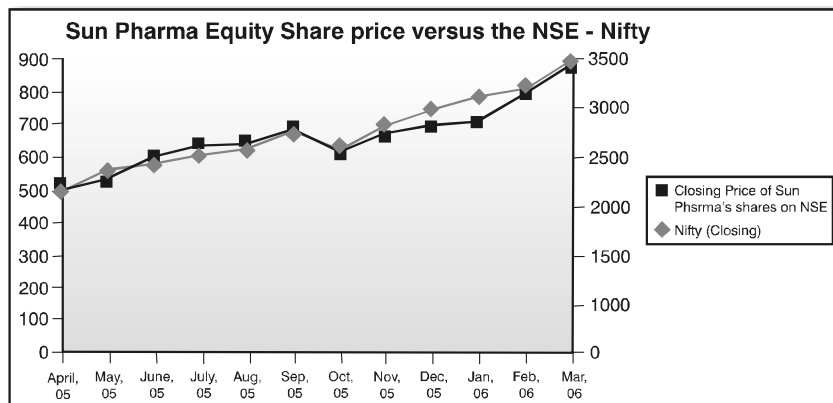
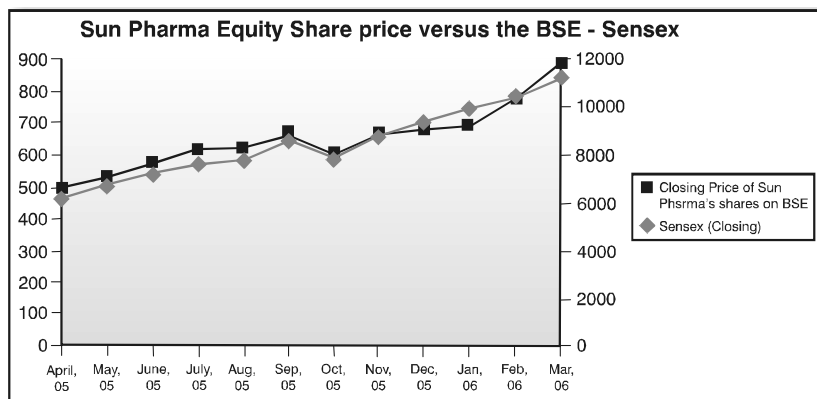
- (a) Trading Symbol Bombay Stock Exchange Ltd., Mumbai (Demat Segment) : SUNPHARMA 700079
- Trading Symbol National Stock Exchange (Demat Segment) : SUNPHARMA
- (b) Demat ISIN Numbers in NSDL and CDSL for Preference Shares : ISIN No. INE044A04014



12.7 Stock Market Data

Equity Shares:

	Bombay Stock Exchange Ltd., Mumbai (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 2005	523.40	449.00	525.80	374.90
May 2005	559.25	483.25	568.00	462.15
June 2005	590.00	522.50	600.00	525.00
July 2005	685.00	575.05	686.55	575.00
August 2005	645.00	595.05	644.70	595.05
September 2005	687.00	622.50	688.00	628.00
October 2005	668.00	552.50	669.95	552.05
November 2005	763.00	596.30	693.40	590.00
December 2005	718.00	658.00	724.70	636.30
January 2006	699.50	655.00	699.00	635.00
February 2006	826.00	697.00	825.95	695.00
March 2006	921.00	750.00	935.00	704.00



Sun Pharmaceutical Industries Ltd.

Preference Shares:

	Bombay Stock Exchange Ltd., Mumbai (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 2005	2.44	1.20	—	—
May 2005	1.80	1.23	—	—
June 2005	1.90	1.55	—	—
July 2005	1.40	1.00	—	—
August 2005	2.68	1.12	—	—
September 2005	3.14	1.90	—	—
October 2005	3.50	1.61	—	—
November 2005	3.60	1.73	—	—
December 2005	2.70	1.67	—	—
January 2006	3.50	2.00	—	—
February 2006	2.99	1.71	—	—
March 2006	3.24	1.71	—	—

During the year, the Company's Preference Shares were not traded on the National Stock Exchange of India Limited.

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, 2006.

PERIOD	% Change in		
	SUN PHARMA SHARE PRICE	BSE SENSEX	SUNPHARMA RELATIVE TO SENSEX
Year-on-Year	83.79%	73.73%	10.06%
2 Years	166.63%	101.77%	64.86%
3 Years	540.59%	269.99%	270.60%
5 Years	540.35%	212.95%	327.40%

Share price performance relative to Nifty based on share price on 31st March, 2006.

PERIOD	% Change in		
	SUN PHARMA SHARE PRICE	NIFTY	SUN PHARMA RELATIVE TO NIFTY
Year-on-Year	84.26%	67.15%	17.11%
2 Years	163.87%	92.03%	71.84%
3 Years	533.42%	247.84%	285.58%
5 Years	532.66%	196.33%	336.33%

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

Sun Pharmaceutical Industries Ltd.

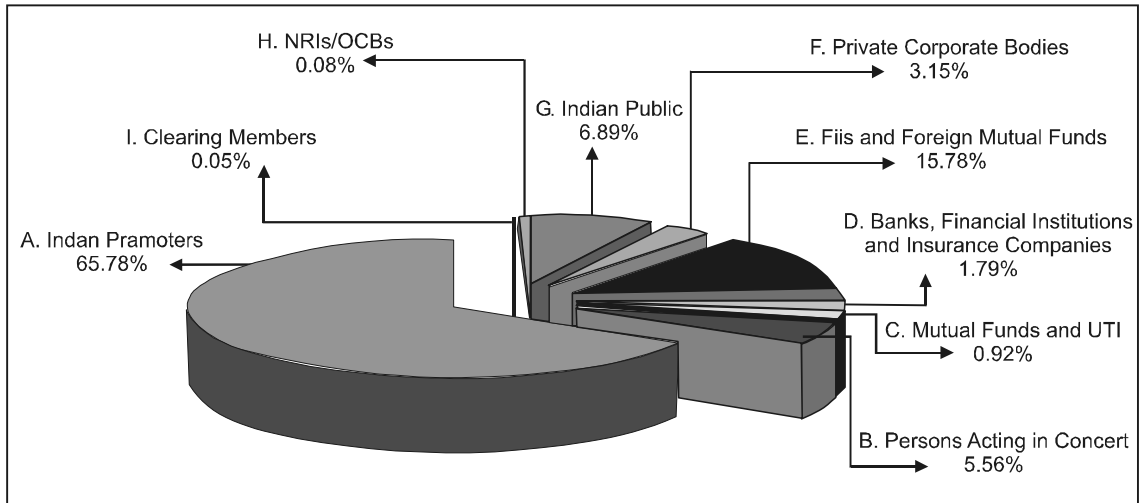
12.10 Share Transfer System

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, 2006

No. of Equity Shares held	Folios		Shares	
	Numbers	% to total holders	Numbers	% to total shares
Upto 005000	30057	89.09	4134510	2.23
5001 - 10000	2919	8.65	3631617	1.96
10001 – 20000	321	0.95	907298	0.49
20001 - 30000	97	0.29	507725	0.27
30001 - 40000	46	0.14	328954	0.18
40001 - 50000	29	0.09	268521	0.14
50001 - 100000	73	0.21	1059482	0.57
100001 and above	197	0.58	174893530	94.16
Total	33739	100.00	185731637	100.00

12.12 (a) Shareholding Pattern as on 31st March, 2006 of Equity Shares as per Clause 35 of the Listing Agreement.

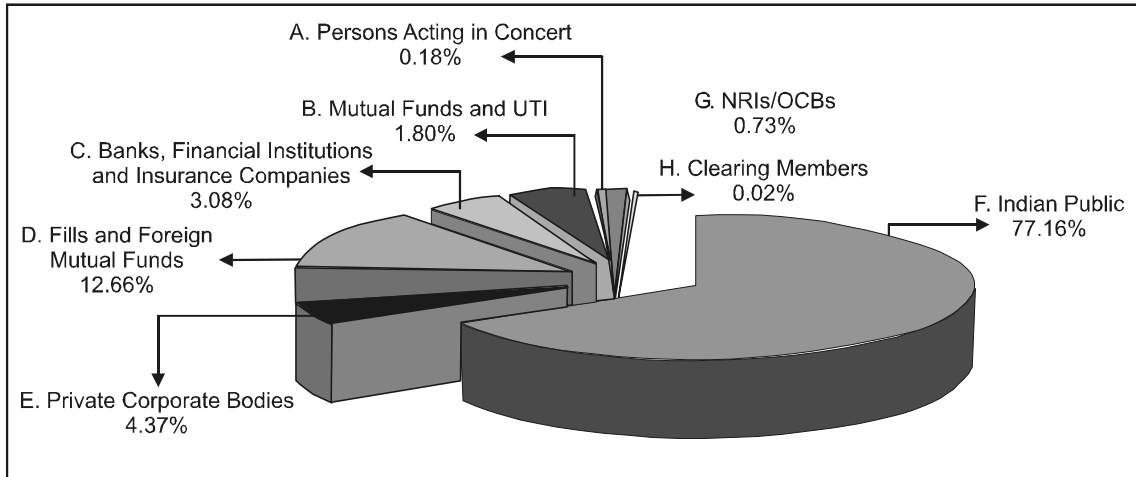


A. Indian Promoters	[65.78%]	12,21,77,389
B. Persons Acting in Concert	[5.56%]	1,03,14,888
C. Mutual Funds and UTI	[0.92%]	17,11,290
D. Banks, Financial Institutions and Insurance Companies	[1.79%]	33,25,203
E. FIIs and Foreign Mutual Funds	[15.78%]	2,92,99,968
F. Private Corporate Bodies	[3.15%]	58,43,411
G. Indian Public	[6.89%]	1,27,99,441
H. NRIs / OCBs	[0.08%]	1,53,438
I. Clearing Members	[0.05%]	1,06,609

Total No. of Equity Shares = 18,57,31,637

Sun Pharmaceutical Industries Ltd.

12.12 (b) Shareholding Pattern as on 31st March, 2006 of Preference Shares.



A. Persons Acting in Concert	[0.18%]	24,688
B. Mutual Funds and UTI	[1.80%]	2,52,620
C. Banks, Financial Institutions and Insurance Companies	[3.08%]	4,30,240
D. Fills and Foreign Mutual Funds	[12.66%]	17,70,590
E. Private Corporate Bodies	[4.37%]	6,11,234
F. Indian Public	[77.16%]	1,07,89,524
G. NRIs / OCBs	[0.73%]	1,01,583
H. Clearing Members	[0.02%]	3,055

Total No. of Preference Shares = 1,39,83,534

12.13 Dematerialisation of Shares

About 98.34 % of the Equity shares and 75.69 % of the outstanding Preference Shares have been de-materialised up to 31st March, 2006. 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. However, the same were credited to the Demat Account of the allottees in April, 2006.

Liquidity:

Your Company's equity shares are fairly liquid and are actively traded on Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange (NSE). Relevant data for the average daily turnover for the financial year 2005-2006 is given below:

	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	41.69	110.05	151.74
In value terms (Rs. Millions)	27.47	73.08	100.55



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 Thousand) Foreign Currency Convertible Bonds (FCCBs) of US\$1,000 each aggregating to US \$ 350,000,000 (Three Hundred and Fifty Million), 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 carry 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, has an option to redeem the bonds at any time on or after November 26,2007 and prior to November 16,2009. During the year out of 350,000 (Three Hundred and Fifty Thousand) FCCBs, 3,500 (Three Thousand Five Hundred) FCCBs have been converted into Equity Shares of Rs. 5/- each of the Company and as on date 8,947 FCCBs have been converted into Equity Shares of Rs. 5/- each of the Company.

12.15 Plant locations

1. Plot No.214 & 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, 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) 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
Tel: 66969696(9)

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,
Date: 26th July , 2006

Sun Pharmaceutical Industries Ltd.