

## REPORT ON CORPORATE GOVERNANCE

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

Ajanta Pharma 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. Ajanta Pharma Limited is committed to learn and adopt the best practices of corporate governance.

### II. Board of Directors

The Board of Directors of the company consists of eight Directors. It comprises of three Whole-time Directors, one Non-Executive Director and four Independent Directors, which includes two Nominee Directors.

#### Board Meetings:

During the financial year 2010-2011 total four Board Meetings were held on May 6, 2010; July 30, 2010; October 22, 2010 and January 20, 2011 respectively. The Board meets at least once every quarter inter-alia to review the performance of the Company. The gap between the two Board Meetings does not exceed the period of four months.

#### Attendance of Directors at the Board Meetings and last Annual General Meeting:

Name of the Director	Category of Directorship	No. of Board of Directors Meetings Attended	Last AGM Attended	No. of other Directorships #	No. of shares held *	All Committee Membership (including non-mandatory)	
						Member	Chairman
Mr. Mannalal B. Agrawal @	P&NED	3	Yes	6	7,20,896	1	0
Mr. Purushottam B. Agrawal @	P&ED	3	No	7	7,18,590	2	0
Mr. Madhusudan B. Agrawal @	P&ED	4	Yes	7	7,18,500	2	0
Mr. Yogesh M. Agrawal @	P&ED	4	Yes	0	3,84,861	1	1
Dr. Anil Kumar	I&NED	3	No	0	Nil	0	3
Mr. Chandrakant M. Khetan	I&NED	4	Yes	5	Nil	0	1
Mr. S. C. Saha	I&NED	3	No	0	Nil	3	0
Ms. Manjiri M. Bhalerao	I&NED	4	No	0	Nil	3	0

# excludes Private Limited Companies & Foreign Companies

I - Independent; P - Promoter; ED - Executive Director; NED - Non-executive Director

\* Details of shares held are as on 31.03.2011

@ Mr. Mannalal B. Agrawal, Mr. Purushottam B. Agrawal and Mr. Madhusudan B. Agrawal are brothers and hence they are related to each other. Mr. Mannalal B. Agrawal is related to Mr. Yogesh M. Agrawal as he is the father of the latter.

## Re-appointment of Directors liable to retire by rotation:

According to the Articles of Association of the company, at every Annual General Meeting one third of the Directors are liable to retire by rotation. Thus, Mr. Madhusudan B. Agrawal and Mr. Chandrakant M. Khetan shall retire at ensuing Annual General Meeting of the company and being eligible, offer themselves for reappointment. Brief profile of the Directors seeking reappointment are as follows:

### Mr. Madhusudan B. Agrawal

Mr. Madhusudan B. Agrawal is promoter director of the company and has been associated since its inception. He is also Vice Chairman of the company looking after business development activities. He has been instrumental in opening up new markets, introducing new products and motivating marketing team to excel in their performance. His continuation on Board of Directors will ensure continued growth for company in coming years.

Shares held in Ajanta Pharma Limited – 7,18,500

Other Directorships	Committee Membership/ Chairmanship
Ajanta Projects (India) Ltd. Ajanta Pharma (Mauritius) Ltd. Ajanta Overseas Ltd. Gencrest Ltd. Sirien MIDC Infrastructure Ltd. Louroux Bio Energies Ltd. Inspira Infrastructure Ltd. Inspira Leisure And Hospitality Ltd. Turkmenderman Ajanta Pharma Ltd.	Member: Executive Committee of Ajanta Pharma Ltd. Executive Committee of Gencrest Ltd.

### Mr. Chandrakant M. Khetan

Mr. Chandrakant M. Khetan is an industrialist of repute with more than four decades of experience in running industries in different sectors. His understanding of business strategy, financials, risk analysis and his acumen to add value has made him an important member of the Board. He is also Chairman of Audit Committee of the Board. Company will immensely benefit with his varied experience and value adding approach.

Shares held in Ajanta Pharma Limited – Nil

Other Directorships	Committee Membership/ Chairmanship
Entremonde Polycoaters Ltd. Polymermann (Asia) Pvt. Ltd. Polymermann (Exports) Pvt. Ltd. Khetan Doshi Construction Pvt. Ltd. Baroda Superstores Pvt. Ltd. Piramal KD's Superstore Pvt. Ltd. Anil Apartment Pvt. Ltd. Swastik Safe Deposit & Investment Ltd. Vibhuti Investment Company Ltd. Kwality Plastics Ltd. Integra Textiles & Apparels & Textiles Ltd. Rishiraj Enterprise Pvt. Ltd. Omicron Power Engineers Pvt. Ltd.	Chairman: Audit Committee of Ajanta Pharma Ltd.

### III. Audit Committee

The Audit Committee constituted by the Board of Directors of the Company comprises two Independent Directors and one Non-Executive Director.

During the year, four meetings of the Audit Committee were held on May 6, 2010; July 30, 2010; October 22, 2010 and January 20, 2011. The Company Secretary is appointed as the Secretary to the Audit Committee. The terms of reference of the Audit committee are set out in accordance with the requirement of Clause 49 of the listing agreement and the provisions of the Companies Act, 1956. Auditors and Chief Financial Officer attend the meetings on invitation from the Chairman. The details are as follows:

Name	Designation	Meetings Attended
Mr. Chandrakant M. Khetan	Chairman	4
Mr. Mannalal B. Agrawal	Member	3
Ms. Manjiri M. Bhalerao	Member	4

### IV. Remuneration Committee

Terms of reference of the remuneration committee includes considering the matters relating to the Company's policies on remuneration payable and

determining the package to the Executive Directors, sitting fees payable and commission to be paid to the Directors. One meeting was held during the financial year 2010-2011 i.e. on 6<sup>th</sup> May, 2010 in which all the members were present. The Company Secretary is the Secretary to the Remuneration Committee. The Remuneration Committee consists of three Independent Directors, which includes two Nominee Directors as follows:-

Name	Designation
Dr. Anil Kumar	Chairman
Mr. S. C. Saha	Member
Ms. Manjiri M. Bhalerao	Member

#### Details of remuneration to Directors :

Payment of remuneration to Chairman and Managing Director are governed by the agreement executed between them and the company in the past. These agreements were approved by the Remuneration Committee and Board in the past.

The aggregate value of salary and perquisites paid to the Chairman and Managing Director subject to the provisions of Schedule XIII of the Act, for the financial year ended 31<sup>st</sup> March, 2011 was as under:

PARTICULARS	₹
<b>Remuneration to Executive Directors :</b>	
Mr. Purushottam B. Agrawal, Vice Chairman	1,09,44,000/-
Mr. Madhusudan B. Agrawal, Vice Chairman	1,09,44,000/-
Mr. Yogesh M. Agrawal, Managing Director	1,09,44,000/-
<b>Remuneration to Non-Executive Directors:</b>	
<b>a) Sitting Fees paid:</b>	
Mr. Mannalal B. Agrawal	30,000/-
Dr. Anil Kumar	35,000/-
Mr. S. C. Saha, Nominee Director, IDBI Bank Ltd	35,000/-
Ms. Manjiri M. Bhalerao, Nominee Director, EXIM Bank	45,000/-
Mr. Chandrakant M. Khetan	40,000/-
<b>b) Commission payable:</b>	
Mr. Mannalal B. Agrawal	52,00,000/-

#### V. Investors' Grievance Committee

The Investors Grievance Committee deals with matters relating to various complaints of investors and its redressal.

During the year, four meetings of the Investors Grievance Committee were held on May 6, 2010; July 30, 2010; October 22, 2010 and January 20, 2011 and the attendance was as follows:

Name	Status	Meetings Attended
Dr. Anil Kumar	Chairman	3
Mr. Yogesh M. Agrawal	Member	4
Mr. S. C. Saha	Member	3

The Company Secretary acts as a Secretary to the Committee and also as the Compliance Officer. The Company has received 24 complaints during the year and all of them have been redressed/answered to the satisfaction of the Shareholders. No investor grievance remained unattended/pending for more than 30 days.

The classification of complaints based on their nature was as follows:

Nature of Complaints	No. of Complaints
i) Non-receipt of Dividend	18
ii) Non-receipt of Annual Report	1
iii) Demat & Remat	4
iv) Fully paid Stickers	1
<b>Total</b>	<b>24</b>

#### VI. Executive Committee Meeting

10 Executive Committee Meetings were held during the year under report for dealing with operational matters delegated by the Board of Directors.

Name	Meetings Attended
Mr. Yogesh M. Agrawal	9
Mr. Purushottam B. Agrawal	4
Mr. Madhusudan B. Agrawal	10

## VII. General Body Meetings

Details of the locations of the last three Annual General Meetings:

Financial Year	Date	Time	Location
March 31, 2008	July 8, 2008	11.00 a.m.	Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), (Near Mithibai College), Mumbai – 400 056.
March 31, 2009	July 9, 2009		Shree Vile Parle Gujarati Mandal, Shraddhanand Road, Vile Parle (East), Mumbai – 400 057.
March 31, 2010	July 9, 2010		Prabodhankar Thackrey Natyagrah, Sodawala Lane, Borivali (West), Mumbai – 400 092.

All the resolutions, including special resolutions set out in the respective Notices were passed by the shareholders.

## VIII. Disclosures

- a. Disclosures on materially significant Related Party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their Subsidiaries or relatives etc. that may have the potential conflict with the interest of the company at large:

None of the transactions with any of the related parties was in conflict with the interest of the Company. The transactions with the Related party are disclosed in Note No. 21 of Schedule 19 containing Notes to Accounts.

- b. During the last 3 financial years, 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.

## IX. Means of Communication

The Board of Directors of the Company approves and takes on record the Unaudited Quarterly Results and

Audited Annual Results and announces forthwith the results to both the Stock Exchanges where the shares of the Company are listed. The same are published within 48 hours in one English daily newspaper and one Marathi newspaper (Mumbai edition) and are displayed on the website of the company [www.ajantapharma.com](http://www.ajantapharma.com).

The Management Discussion and Analysis Report forms part of the Annual Report.

## X. General Shareholders Information :

### 1. Annual General Meeting

Date and time	: 1 <sup>st</sup> July, 2011 at 11.00 a.m.
Venue	: Prabodhankar Thackrey Natyagrah, Sodawala Lane, Borivli (West), Mumbai - 400 092

### 2. Financial Calendar (Tentative)

Results for the Quarter ending :

June 30, 2011	: last week of July, 2011
September 30, 2011	: last week of October, 2011
December 31, 2011	: last week of January, 2012
March 31, 2012	: last week of April/May, 2012

3. Dates of Book Closure : 25<sup>th</sup> June, 2011 to 1<sup>st</sup> July, 2011 (both days inclusive)

4. Dividend Payment Date : on or after 1<sup>st</sup> July, 2011, subject to approval of shareholders.

5. Listing on Stock Exchanges : a) Bombay Stock Exchange Limited  
(Code: AJANTAPH532331)

b) National Stock Exchange of India Limited

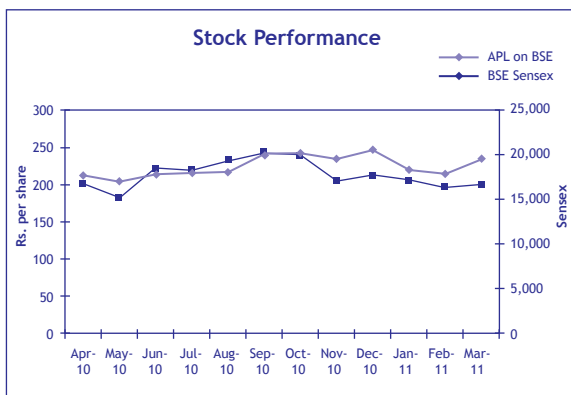
(Code: AJANTPHARM EQ)

The Annual Listing fees were paid in time to both these Stock Exchanges.

6. ISIN number for NSDL and CDSL : INE031B01015

**7. Stock Market Data :**

	Bombay Stock Exchange(BSE)		National Stock Exchange(NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-10	211.85	181.05	211.55	181.10
May-10	208.70	173.15	207.00	174.00
Jun-10	230.40	182.00	230.50	181.50
Jul-10	228.50	207.00	228.00	206.10
Aug-10	259.00	199.00	259.00	196.65
Sep-10	273.65	233.00	273.80	231.55
Oct-10	266.00	235.00	266.00	234.00
Nov-10	253.30	192.00	253.75	192.20
Dec-10	225.00	175.00	229.00	171.50
Jan-11	234.80	172.00	234.80	173.00
Feb-11	219.55	175.15	219.50	174.50
Mar-11	210.80	185.75	210.60	192.00

**8. Performance of APL Share price in comparison to BSE Sensex :**

**9. Registrar and Transfer Agents :**

Link Intime India Private Ltd.

Unit : Ajanta Pharma Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai - 400 078

Tel.: 022-2596 3838/25946970; Fax.:022-2594 6969;

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**10. Share Transfer System :**

Shares sent for transfer in physical form are registered by the Registrar and Shares Transfer Agents, M/s. Link Intime India Private Ltd., and returned within a period of 30 days from the date of receipt, if the documents are in order in all respects. The Share Transfer Committee of the Company meets as often as required. The total number of shares transferred in physical form during the year 2010-11 were: -

Transfer period (in days)	No. of requests (processed, effected & despatched)	No. of shares	%
1-15	17	1,750	44.30
16-20	12	1,550	39.24
21-30	5	650	16.46
30 & Above	-	-	-
<b>TOTAL</b>	<b>34</b>	<b>3,950</b>	<b>100</b>

**11. Distribution of Equity Shareholding as on 31<sup>st</sup> March, 2011 :**

No. of shares held	Shareholders		Shares	
	No.	%	No.	%
Upto 2500	9,625	84.36	8,37,281	7.15
2501- 5000	989	8.67	3,88,725	3.32
5001-10000	411	3.60	3,30,539	2.82
10001-20000	163	1.43	2,44,563	2.09
20001-30000	81	0.71	2,08,691	1.78
30001-40000	33	0.29	1,20,661	1.03
40001-50000	14	0.12	65,068	0.56
50001-100000	37	0.32	2,87,051	2.45
100001 & above	57	0.50	92,25,921	78.80
<b>TOTAL</b>	<b>11,410</b>	<b>100.00</b>	<b>1,17,08,500</b>	<b>100.00</b>

## 12. Pattern of Shareholding :

SR NO.	CATEGORY	AS ON 31 <sup>ST</sup> MARCH, 2011	
		NO OF SHARES	% OF TOTAL NO.OF SHARES
1.	Promoters Holding ➤ Promoters ➤ Foreign Promoters	78,23,621 Nil	66.82 Nil
2.	Mutual Funds	Nil	Nil
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/Non-Government Institutions)	2,340	0.02
4.	Private Corporate Bodies	7,11,438	6.08
5.	Indian Public	31,16,886	26.62
6.	NRI's/OCB's/FII's	34,746	0.29
7.	In Clearance	19,469	0.17
	<b>TOTAL</b>	<b>1,17,08,500</b>	<b>100.00</b>

## 13. Dematerialisation of Shares and liquidity :

98.72% of the total equity capital is held in dematerialized form with NSDL and CDSL as on 31<sup>st</sup> March, 2011. As per guidelines of SEBI the trading in equity shares of the company is permitted only in dematerialised form.

All shares of the company are liquid and traded in normal volume on BSE and NSE. Relevant data for the average daily turnover for the financial year 2010-11 is given below: -

	Bombay Stock Exchange (BSE)	National Stock Exchange (NSE)	BSE + NSE
In no. of Shares	65,760	1,18,799	1,84,559
In value terms	1,40,20,643	2,53,14,597	3,93,35,240

## 14. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity :

The Company does not have any outstanding instruments which entitles to subscribe to the equity.

## 15. Plant Locations and R & D Centre :

### Plants

- i. B-4, B-5, B-6, MIDC Industrial Area, Paithan, Aurangabad, Maharashtra
- ii. 31-O, MIDC Industrial Area, Chikalthana, Aurangabad, Maharashtra
- iii. Gut No. 11/12/14/15, Chitegaon, Paithan Road, Aurangabad-431 105.
- iv. Gut No. 378, Plot No. 8, Waluj, Aurangabad.

### R&D Centre

43 AB & 44BCD, ADVENT, Charkop, Kandivli (W), Mumbai – 400 067, Maharashtra

## 16. Green initiative programme by the Ministry of Corporate Affairs :

All of us are aware of the dangers of global warming and its effect on the life on earth in coming years. We all are trying to do our bit in this regard and everyone would like to take every opportunity to further the cause of saving mother earth.

Recently, Govt. of India, Ministry of Corporate Affairs vide its circular bearing No. 17/95/2011 CL-V dated 21st April, 2011, has taken a Green initiative in the Corporate Governance by allowing PAPERLESS COMPLIANCES by Companies. As per the said circular, service of document to company's shareholders can be made through electronic mode, provided company has obtained e-mail address of its members for sending notice/documents through e-mail by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the company.

Hence valued shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send the mail at [ajantapharmagogreen@linkintime.co.in](mailto:ajantapharmagogreen@linkintime.co.in) Alternatively members holding shares in physical form can also

intimate the Registrar & Transfer Agent at the address mentioned in the report along with following details.

Name of the first holder	
E-mail ID of first holder	
No. of shares held	
Folio No. (in case of physical shares)	
Address if changed	
Signature of first holder	

#### 17. Voluntary Guidelines 2009 :

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December, 2009. These guidelines are expected to serve as a benchmark for the corporate sector and also help them in achieving the highest standard of Corporate Governance.

Some of the provisions of these guidelines are already in place as required elsewhere in this report. The other provisions of these guidelines are being evaluated by the Board and your company will strive to adopt the same in a phased manner in future.

#### 18. Investor Correspondence Address :

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

Link Intime India Private Ltd.  
Unit : Ajanta Pharma Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078  
Tel.: 022- 2596 3838/25946970  
Fax.: 022- 2594 6969

**Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)**

##### For shares held in demat form

To the Depository participant

**[investorgrievance@ajantapharma.com](mailto:investorgrievance@ajantapharma.com)**

MR. NIKHIL BHATT  
GENERAL MANAGER - LEGAL & COMPANY SECRETARY  
Ajanta Pharma Limited  
Ajanta House, Charkop, Kandivli (W),  
Mumbai 400 067  
Tel.:022- 66061000/1204/1203  
Fax : 022-6606 1200/1300

**E-mail: [nikhil.bhatt@ajantapharma.com](mailto:nikhil.bhatt@ajantapharma.com)**

E-mail ID designated for Investor Complaints  
Details of Compliance Officer

For and on behalf of the Board of Directors,

**MANNALAL B. AGRAWAL**  
CHAIRMAN

Mumbai, 30<sup>th</sup> April, 2011