



## Sun Pharma Advanced Research Company Ltd.

### Policy on Material Subsidiaries

#### 1. Introduction

The Board of Directors (the "Board") of Sun Pharma Advanced Company Research Company Limited (the "Company") have adopted the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations"). The Board will review and amend this policy from time to time.

#### 2. Purpose

The objective of this policy is to determine material subsidiaries of the Company and to provide governance framework for such subsidiaries of the Company.

#### 3. Governing law

This Policy on Material Subsidiaries shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Listing Regulations. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

#### 4. Key Definitions

"**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

"**Material Subsidiary**" shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"**Significant Transaction or Arrangement**" shall be as defined under the Listing Regulations which presently define as any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

"**Subsidiary**" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

#### 5. Policy on material subsidiaries

a) At least one Independent Director of the Company shall be a director on the Board of Directors of the Material Non-Listed Subsidiary Company. (For the purpose of requirement under 5(a) above, "material subsidiary" shall mean a subsidiary, whose income or net worth

exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.)

b) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company periodically.

c) The minutes of the Board Meetings of the unlisted subsidiary company, shall be placed before the Board of the Company on periodic basis.

d) The management shall, periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

#### **6. Disposal of Material Subsidiaries**

a) The Company, shall not dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% or ceases the exercise of control over the Subsidiary without passing a Special Resolution in its General Meeting, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved; or

b) Selling, disposing and leasing of the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, shall require prior approval of the shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.