

SMS LIFESCIENCES INDIA LIMITED

[Policy for determining Material Subsidiaries]

INTRODUCTION

The Board of Directors of SMS Lifesciences India Limited ("Company") has adopted the following policy and procedures with regard to the determination of Material Subsidiaries and disclosure thereof as required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) including any amendments thereof.

The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing of/ leasing of assets of such subsidiaries by the Company.

DEFINITIONS

- ✚ **"Act"** means the Companies Act 2013 as may be amended from time to time.
- ✚ **"Board of Directors"** or **"Board"** means the Board of Directors of the Company, as constituted from time to time.
- ✚ **"Independent Director"** means a director of the Company, not being an Executive Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 & the Listing Regulations.
- ✚ **"Subsidiary"** means a subsidiary as defined under the Act and Rules made thereunder.
- ✚ **"Material Subsidiary"** implies 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"** implies any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues / expenses / assets / liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year

**any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 & SEBI Listing Regulations or any other applicable law or regulation.

RESTRICTION REGARDING MATERIAL SUBSIDIARY

The Company, without passing a **special resolution** in its General Meeting, **shall not:-**

- ✚ dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- ✚ dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- ✚ sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

CORPORATE GOVERNANCE COMPLIANCES

- ✚ At least 1 **(one) Independent Director** on the Board of the Company shall be a Director on the Board of the unlisted material subsidiary.

Note - for the purposes of this requirement, "material subsidiary" shall mean a subsidiary, whose income or net worth **exceeds 20%** of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- ✚ 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.
- ✚ The Audit Committee of the Company shall also **review the financial statements**, in particular, the investments made by the unlisted subsidiary company.
- ✚ The **minutes of the Board meetings of the unlisted subsidiary** shall be placed at the Board meeting of the Company.

REPORTING AND DISCLOSURE

This Policy shall be disclosed on the Company's website in pursuant to Regulation 46(2)(h) of SEBI Listing Regulations and a web link thereto shall be provided in the annual report.
