



**POLICY FOR
“DETERMINING ‘MATERIAL’ SUBSIDIARY”**

TABLE OF CONTENTS

S. No.	Particulars	Page No.
1	Introduction	3
2	Purpose/Objective of the Policy	3
3	Definitions	3 - 4
4	Interpretation	4
5	Provisions/ Corporate Governance requirements with respect to subsidiary	4 - 5
6	Secretarial Audit	5
8	Amendments	5
9	Disclosures	5

1. INTRODUCTION

This Policy is primarily framed based on Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**Listing Regulations**').

The Board of Directors (the "**Board**") of Shukra Pharmaceuticals Limited (the "**Company**" or "**Shukra**"), at its meeting, has adopted the following **Policy for Determining 'Material' Subsidiary** (the "**Policy**"), as required under Regulation 16(1)(c) of the Listing Regulations. This Policy was revised to be in line with the amendments to the Listing Regulations, at Board meeting held on May 06, 2022, effective from April 01, 2022.

This Policy provides a framework for determining the criteria of a 'material' subsidiary company of the Company, for the purpose of compliance of Listing Regulations in respect of such subsidiary.

2. PURPOSE / OBJECTIVE OF THE POLICY

Explanation to Regulation 16(1)(c) of the Listing Regulations stipulates that the listed entity shall formulate a policy for determining 'material' subsidiary.

The objective of the Policy is to determine material subsidiary(s) of the Company and to provide a governance framework for such material subsidiaries and to comply with the statutory provisions in this regard.

3. DEFINITIONS:

"**Act**" means the Companies Act, 2013 read with rules made thereunder as amended from time to time.

"**Audit Committee or Committee**" means committee of the Board constituted from time to time under the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

"**Board**" or "**Board of Directors**" means board of directors as defined under the Companies Act, 2013, as constituted by the Company, from time to time.

"**company**" means a company incorporated under the Companies Act, 2013 or any other previous company law.

"**Company**" shall mean Shukra Pharmaceuticals Limited.

"**Holding Company**" in relation to one or more other companies means a company of which such companies are subsidiaries companies.

"**Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

"**Policy**" means Policy for Determining 'Material' Subsidiary.

"**Material Subsidiary**" shall mean a subsidiary, whose income or net worth (i.e., paid-up capital, free reserves and securities premium account) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries, in the immediately preceding accounting year.

“**Significant Transaction or Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed **ten per cent (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 mean a subsidiary as defined under the Companies Act, 2013, as amended from time to time.

“**Turnover**” shall have the same meaning as specified under Section 2(91) of the Companies Act, 2013.

4. INTERPRETATION:

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following Acts, Rules and Regulations:

- i. The Companies Act, 2013 or the Rules framed thereunder;
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. Indian Accounting Standards, as amended from time to time.

5. PROVISIONS/CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY

- In terms of Regulation 24(1) of the Listing Regulations, at least one independent director on the Board of Directors of the Company shall be a Director on the board of directors of a material unlisted subsidiary company of the Company;

*For the purpose of this provision, “**material unlisted subsidiary**” shall mean a subsidiary, whether incorporated in India or not, whose income or net worth exceeds **twenty per cent (20%)** of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.*

- In terms of Regulation 24(2) of the Listing Regulations, the Audit Committee of the Board of Directors of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company;
- In terms of Regulation 24(3) of the Listing Regulations, the minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of the Company.
- In terms of Regulation 24(4) of the Listing Regulations, the management shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- Subsidiary company shall not, either by its own or through its nominees, hold any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies.

Nothing contained in this clause shall apply in the following circumstances:

- i) Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
- ii) Where the subsidiary company holds such shares as a trustee; or

iii) Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.

- In terms of Regulation 24(5) of the Listing Regulations, the Company shall not dispose-off shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease 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.
- In terms of Regulation 24(6) of the Listing Regulations, the Company shall not sell, dispose-off or lease the assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis, during a financial year, without prior approval of shareholders by way of special resolution, except in cases where such sale, disposal, lease, as the case may be, 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.
- The Company shall include particulars of its subsidiary companies in its annual filing.

6. **SECRETARIAL AUDIT:**

In terms of Regulation 24A(1) of the Listing Regulations, the Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in the prescribed form MR-3, with the annual report of the Company.

7. **AMENDMENTS:**

This Policy shall be reviewed and modified by the Board of Directors, as and when considered necessary as per statutory and business requirements of the Company. The Company reserves its rights to alter, modify, add, delete or amend any of the provisions of this Policy.

8. **DISCLOSURES:**

A copy of the Policy including amendments thereto shall be hosted on the website of the Company at www.shukrapharmaceuticals.com and its weblink shall be provided in the annual report.

Disclaimer: Provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.