

Syngene International Limited	Policy Document on Material Subsidiaries	Version. No : 1.0 Rev. Due on : Need basis Prepared by : Company Secretary
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POLICY DOCUMENT ON MATERIAL SUBSIDIARIES

1. Introduction

Syngene International Limited is *inter-alia* governed by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) lays out regulatory requirements for material subsidiary companies.

The Board of Directors (the “Board”) of Syngene International Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below.

2. PURPOSE

The Board of Directors (the “Board”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“Policy”) in accordance with the provisions of Regulation 16 (1) (c) of the Listing Regulations. This Policy will be used to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations or the Companies Act, 2013 (“Act”) and the Rules, notifications and circulars made/issued thereunder, or Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

“Board of Directors” or **“Board”** means the Board of Directors of Syngene International Limited, as constituted from time to time.

“Independent Director” means a director of the Company, not being a whole time 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 and the Listing Regulations.

Syngene International Limited	Policy Document on Material Subsidiaries	Version. No : 1.0 Rev. Due on : Need basis Prepared by : Company Secretary
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“Material Unlisted Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“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.

“Significant transaction or arrangement” implies 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 have the same meaning assigned to it under the Companies Act, 2013 and the rules framed thereunder;

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

3. GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARIES

3.1 At least one Independent Director of the Company shall be a director on the Board of the material unlisted subsidiary company (subsidiary company), whether incorporated in India or not.

Explanation - For the purposes of this sub-clause, notwithstanding anything to the contrary contained in Regulation 16(1) (c) of the Listing Regulations, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3.2 The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on a quarterly basis.

3.3 The Audit Committee shall also review the utilization of any loans and/ or advances from/investment by the company in the subsidiary company exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

3.4 The minutes of the Meetings of the board of directors of unlisted subsidiary company be placed before the Board of the Company at regular intervals.

Syngene International Limited	Policy Document on Material Subsidiaries	Version. No : 1.0 Rev. Due on : Need basis Prepared by : Company Secretary
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3.5 A statement of all significant transactions and arrangements entered into by the unlisted subsidiary company shall be placed before the Board of Directors of the Company.

3.6 The Company, without the prior approval of the members by Special Resolution, shall not:

3.6.1 dispose of the shares held in material subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the material subsidiary; or

3.6.2 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.

However, the above will not apply if the divestment, sale, disposal or 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.

3.7 All material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with the annual report of the Company, a secretarial audit report, given by a Company Secretary in practice in the prescribed format.

4. CONFLICTS

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or Listing Regulations or any other statutory enactments, rules, the provisions of the Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, the Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

5. DISCLOSURES

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual report.

6. AMENDMENTS AND UPDATES

The Board shall periodically review this Policy and shall also have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.
