



**SOLARA**  
Active Pharma Sciences

**POLICY FOR  
DETERMINATION OF  
MATERIAL SUBSIDIARIES**

## **POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARIES**

### **1. PREAMBLE**

The Board of Directors of Solara Active Pharma Sciences Limited has adopted the following policy and procedures with regard to identification of material subsidiaries as defined below.

### **2. SCOPE AND PURPOSE**

This policy is framed in accordance with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This policy will be effective from the date of listing of Company's shares in the National Stock Exchange of India and Bombay Stock Exchange Limited.

### **3. LEGEND**

- a) **"Audit Committee"** means the committee of the Board formed under Section 177 of the Companies Act, 2013.
- b) **"Board of Directors"** or **"Board"** shall mean the board of directors of Solara Active Pharma Sciences Limited.
- c) **"Company"** shall mean Solara Active Pharma Sciences Limited.
- d) **"Independent Director"** shall mean a director of the Company who satisfies the criteria for independence under Section 149 (6) of Companies Act, 2013.
- e) **"Regulations"** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY**

A subsidiary of the Company shall be considered a "Material Subsidiary", whose income or networth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

### **5. FRAMEWORK FOR GOVERNANCE OF MATERIAL SUBSIDIARIES**

- a) The Audit Committee shall review the financial statements, in particular, the investments made by the Material Subsidiary of the Company.
- b) The minutes of the Board meetings of the Material Subsidiary company shall be placed at the Board meeting of the Company at regular intervals.

- c) The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Material Subsidiary Company.
- d) One Independent Director of the Company shall be a director on the Board of the unlisted Material Subsidiary, incorporated in India.
- e) The Company shall not dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty percent) of its existing holding 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 or Tribunal.
- f) Selling, disposing and leasing of assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- g) Where the Company has a listed subsidiary, which is itself a holding company, the provisions of the Regulation shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

## **6. DISCLOSURE**

The Company must disclose the Policy on determining Material Subsidiaries on its website and a web link thereto must be provided in its annual report.

## **7. POLICY REVIEW**

The policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

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