

DCS/AMAL/AK/R37/3268/2024-25

SUN PHARMACEUTICALS INDUSTRIES LTD.
SPARC, Tandalja,
Vadodara,
Gujarat, 390012

Dear Sir,

Sub: Observation Letter Regarding the Composite Scheme of Arrangement involving Amalgamation of Sun Pharmaceuticals Medicare Limited ("Transferor Company No. 1") and Green Eco Development Centre Limited ("Transferor Company No. 2") and Faststone Mercantile Company Private Limited ("Transferor Company No. 3") and Realstone Multitrade Private Limited ("Transferor Company No. 4") and Skisen Labs Private Limited ("Transferor Company No. 5") with Sun Pharmaceutical Industries Limited ("Transferee Company") and Reclassification of General Reserve of Sun Pharmaceutical Industries Limited and their respective shareholders

We are in receipt of the Composite Scheme of Arrangement involving Amalgamation of Sun Pharmaceuticals Medicare Limited ("Transferor Company No. 1") and Green Eco Development Centre Limited ("Transferor Company No. 2") and Faststone Mercantile Company Private Limited ("Transferor Company No. 3") and Realstone Multitrade Private Limited ("Transferor Company No. 4") and Skisen Labs Private Limited ("Transferor Company No. 5") with Sun Pharmaceutical Industries Limited ("Transferee Company") and Reclassification of General Reserve of Sun Pharmaceutical Industries Limited and their respective shareholders as required under SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021 read with SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 37, 94(2) of SEBI LODR Regulations 2015(LODR Regulations); SEBI vide its letter dated July 23, 2024 has inter alia given the following comment(s) on the draft scheme of Arrangement:

1. "The Company shall disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme."
2. "The Company shall ensure that additional information, if any, submitted by the Company after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
3. "The Company shall ensure compliance with SEBI circulars issued from time to time. The entities involved in the Scheme shall duly comply with various provisions of the SEBI master Circular dated June 20, 2023 and also ensure that all the liabilities of Transferor Company are transferred to the Transferee Company."
4. "Company is advised that the information pertaining to all the unlisted companies involved, if any, in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of the schedule VI of the ICDR Regulations 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval."
5. "Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old, if applicable."

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6. "Company shall ensure that the details of the proposed scheme under consideration as provided to the stock exchange shall be prominently disclosed in the notice sent to shareholders."
7. "Company is advised that new equity shares proposed to be issued as part of the 'Scheme' shall mandatorily be in demat form only."
8. "Company shall ensure that the 'Scheme' shall be acted upon subject to the complying with the relevant clauses mentioned in the scheme document."
9. "Company is advised not to make any changes in the draft scheme except those mandated by the regulators/ authorities / tribunal without specific written consent by SEBI."
10. "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before Hon'ble NCLT and the Company is obliged to bring the observations to the notice of Hon'ble NCLT."
11. "Company is advised to comply with all applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme."
12. "Company is advised that the 'Scheme' shall be acted upon subject to the applicant complying with the Para 10 (a) & (b) of Part I of SEBI Master Circular issued on June 20, 2023 and relevant clauses mentioned in the scheme document."
13. "The Company is advised to specifically bring out the justification for 'appointed date' significantly ante-dated beyond a year from the date of filing with Hon'ble NCLT, and how the same is in the interest of public shareholders, in terms of General Circular 09/2019 (F. NO 7/12/2019/CL-I), issued by Ministry of Corporate Affairs on August 21, 2019."
14. "The Company are advised to disclose the following as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013 to enable them to make an informed decision:
 - i. Details of assets, liabilities, net worth and revenue of the Companies involved, pre and post scheme of arrangement
 - ii. A write up on the history of transferor companies
 - iii. Latest net worth certificate along with statement of assets and liabilities of all companies involved in the Scheme of arrangement for both pre and post scheme of arrangement
 - iv. Comparison of revenue and net worth of the Transferor Companies with the total revenue and net worth of the Transferee Company in the last three financial years
 - v. Detailed Rationale for reclassification of general reserve into retained earnings in Sun Pharmaceutical Industries Limited
 - vi. Need, rationale & synergies of the Scheme along with its impact on the shareholders.
 - vii. "The Company shall ensure that applicable additional information, if any to be submitted to SEBI along with draft scheme of arrangement as advised by email dated July 24, 2024 shall form part of disclosures to the shareholders."
15. "It is to be noted that the petitions are filed by the company before Hon'ble NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated June 20, 2023.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations do not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the**

Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,


Sabah Vaze
Senior Manager


Tanmayi Lele
Assistant Manager