

## Sun Pharmaceutical Industries Limited

Sun House, Plot No. 201 B/1,  
Western Express Highway, Goregaon (E),  
Mumbai – 400 063, Maharashtra, INDIA.  
Tel. : (91-22) 4324 4324  
Fax : (91-22) 4324 4343  
Website: [www.sunpharma.com](http://www.sunpharma.com)  
Email: [secretarial@sunpharma.com](mailto:secretarial@sunpharma.com)  
CIN: L24230GJ1993PLC019050



February 05, 2024

### BSE Limited

Market Operations Dept.  
P. J. Towers, Dalal Street,  
Mumbai - 400 001

Kind Attention: Ms. Tanmayi Lele, Assistant Manager (Listing Operations)

**Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, for the proposed Composite Scheme of Arrangement**

With reference to the above mentioned application, please find below our response on the additional clarification/ documents/details sought by your good office on January 30, 2024:

Sr. No.	Additional documents/details sought	Company's response
1	<p>Since the instant scheme provides for transfer of Rs. 51,435 million standing to the credit of General Reserves to Retained Earnings of the Sun Pharmaceuticals Industries Limited, kindly provide the following clarification:</p> <p>a. What is the rationale of the scheme, and whether it will be in the spirit of Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014.</p>	<p>Rationale for the Scheme for reclassification and transfer of the General Reserve of the Transferee Company to Retained Earnings, as mentioned in the Scheme, is as follows:</p> <p><i>“Over the years, the Transferee Company has built up significant reserves through transfer of profits to the general reserve in accordance with provisions of the erstwhile Companies Act, 1956 and erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975. While the excess reserves can be profitably utilized for the Company's overall growth strategy, the Board of Directors of the Transferee Company is of the view that even after considering the foreseeable investments required for such opportunities over the next few years, the fund represented by the General Reserve are in excess of the Transferee Company's current and anticipated operational needs.”</i></p>

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		Considering the deliberate change from mandatory requirement to discretionary requirement in terms of transfer of profits to reserves upon declaration of dividend, under Companies Act, 2013 ("Act, 2013"), we believe that the Scheme is in spirit of Section 123 of Act, 2013.
	b. How does the company intend to create shareholder value and how the scheme will be in the interest of shareholders?  c. How the Company proposes to use Rs.51,435 million which will be getting transferred from General Reserves to Retained Earnings of the Company.	Pursuant to the Scheme, the Company believes that reclassification of general reserve to retained earnings will provide greater flexibility to enable the Company, in utilisation of the funds, including but not limited to distribution as dividend to the shareholders. The Board of Directors will exercise its discretion on this from time to time considering the overall financial position of the Company in the best interest of the Company and its stakeholders. We believe that the Scheme is in the interest of shareholders and create higher shareholder value and is not prejudicial to the interest of any stakeholders.
2	Further, please submit Audited Standalone and Consolidated financials of the transferee/resulting and transferor/demerged companies for the last 3 financial years (financials not being more than 6 months old of unlisted company) as per Annexure IV of the checklist.	We have submitted the following financials at Annexure-7 of our letter dated November 21, 2023: (i) Audited Standalone and Consolidated financials of Sun Pharmaceutical Industries Limited, Transferee company (listed company) for the last 3 financial years and Limited Reviewed Unaudited Financial for the six months ended September 30, 2023; and (ii) Audited Financials of the Transferor Companies for the last 3 financial years.  As per our discussion during the virtual meeting held before filing application with BSE, we had made a request for dispensation

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		<p>of the requirement to provide Audited financials based on the following;</p> <ol style="list-style-type: none"><li>1. This Composite Scheme of Arrangement (herein after referred to as "Scheme of Arrangement" or "Scheme"), contains two parts as follow;<ol style="list-style-type: none"><li>a) Amalgamation of Five Wholly-owned Subsidiaries into the Holding Company/ Transferee Company and</li><li>b) Reclassification of General Reserve of the Transferee Company to Retained Earnings.</li></ol></li><li>2. In the first part, wholly-owned subsidiaries are proposed to be merged into the holding Company. Upon the Scheme becoming effective, no shares of the Transferee Company shall be issued and allotted in lieu of shares held by it or its subsidiary companies in the Transferor Companies and the entire paid-up share capital of the Transferor Companies shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.</li><li>3. Merger of wholly-owned subsidiaries into the holding company is not otherwise subjected to scrutiny under Regulation 37 but in this case, it is being referred only because the second part of the Scheme i.e. reclassification of general reserve to retained earnings. It is important to note here that the second part has no impact whatsoever on the first part and therefore there is no fundamental change where audited financial statements should be insisted</li></ol>

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		upon. As audited financial statements would serve no additional purpose.  Based on the conversation as mentioned above, our understating was that the requested for dispensation, being logical, was concurred by your office.

We hereby request you to take on records and issue no objection letter at the earliest.

Thank You.

For **Sun Pharmaceutical Industries Limited**

(Anoop Deshpande)

**Company Secretary & Compliance Officer**

ICSI Membership No.: A23983

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