

SUN PHARMACEUTICAL INDUSTRIES LIMITED

Registered Office: SPARC, Tandalja, Vadodara - 390012, Gujarat, India. Corporate Office: Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (East),
Mumbai - 400063, Maharashtra, India. Tel: 022-43244324
CIN: L24230GJ1993PLC019050 | Website: www.sunpharma.com | Email: secretarial@sunpharma.com



NOTICE OF POSTAL BALLOT / E-VOTING

Cut-off Date	Voting Opens	Voting Closes	Results
25 September 2026	02 October 2026 09:00 A.M. IST	31 October 2026 05:00 P.M. IST	On or before 03 November 2026

Cut-off Date: Members whose names appear on the Register of Members / List of Beneficial Owners as on the Cut-off Date shall be entitled to vote.

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The Notice of the Postal Ballot / E-voting and Explanatory Statement is prepared pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

This Postal Ballot is divided into two parts, each covering a specific objective and proposals.

Part A – Sun Pharma Employees Stock Option Plan (ESOP 2026) and Connected Matters

Part A (Item No. 1 to 3) relate to the proposed Employee Stock Option Plan 2026 (“ESOP 2026”), which is intended to strengthen the Company’s long-term incentive framework by providing eligible employees with performance-linked, share-based rewards. The proposals cover adoption of ESOP 2026, acquisition of shares through a Trust for implementation of the Plan and extension of the Plan to eligible employees of subsidiary company(ies). The Board believes that these proposals will help attract, motivate and retain talent while aligning employee interests with long-term shareholder value creation. The Plan will be implemented using existing shares acquired from the secondary market and will not involve a fresh issue of shares by the Company thereby not involving any dilution.

Part B - Funding and Acquisition and Connected Matters

Part B (Item No. 4 to 7) relate to certain enabling approvals required in connection with the proposed acquisition of Organon & Co. and the associated financing arrangements. These proposals include enhancement of limits for investments, loans, guarantees, securities and borrowings, creation of security in favour of lenders and approval under Regulation 24(5) of the SEBI Listing Regulations. These approvals are intended to facilitate implementation framework necessary to support the proposed acquisition and related funding requirements.

Executive Summary of the Proposals

This Executive Summary provides a brief overview of the proposals and should be read together with the respective resolutions, Explanatory Statement and notes forming part of this Notice.

Item No.	Subject Matter	Rationale	Resolution Type
PART A			
1.	Approval of the Sun Pharma Employees Stock Option Plan 2026 and Provision of Funds to the Trust	To strengthen the Company’s long-term performance linked incentive framework by transitioning to Share-based awards against Cash settled awards to further align employee interests with long-term shareholder value creation.	Special
2.	Approval of Secondary Acquisition of Equity Shares by the Trust	To obtain the separate shareholder approval required under the SBEB Regulations for acquisition of shares from the secondary market through the Trust for implementation of ESOP 2026.	Special
3.	Approval for Extension of ESOP 2026 to Eligible Employees of Subsidiary Companies	To provide a common and consistent performance, incentive and retention framework extended to eligible employees of the subsidiary company(ies).	Special
PART B			
4.	Approval for Enhancement of limits under Section 186 of the Companies Act, 2013	To provide adequate limits for investments, loans, guarantees and securities in connection with the proposed acquisition,	Special

		related financing arrangements and future business requirements.	
5.	Approval for Enhancement of borrowing limit under Section 180(1)(c) of the Companies Act, 2013	To facilitate acquisition financing, payment of acquisition consideration, refinancing of existing indebtedness, other corporate funding requirements and future business requirements.	Special
6.	Approval for Creation of security under Section 180(1)(a) of the Companies Act, 2013	To enable the Company to provide security in connection with borrowings and financing arrangements supporting the proposed acquisition and related funding structure.	Special
7.	Approval for Creation of Encumbrance over Shares Pursuant to Regulation 24(5) of the SEBI Listing Regulations	To seek shareholder approval under Regulation 24(5) of the SEBI Listing Regulations in connection with the proposed creation of security over shares of Organon and/or certain subsidiaries through which the acquired business may be held, in anticipation of the completion of the Proposed Acquisition.	Special

E-Voting

[Friday, 02 October 2026 at 09:00 A.M. (IST) until Saturday, 31 October 2026 at 05:00 P.M. (IST)]

EVENT	Scan to Vote (CDSL)	Scan to Vote (NSDL)	Voting Instructions
260919			

NOTICE OF POSTAL BALLOT /E-VOTING

[Pursuant to Section 110 and Section 108 of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014]

NOTICE is hereby given that the resolutions as set out below are proposed to be passed by the members of Sun Pharmaceutical Industries Limited (“the Company”) by way of Postal Ballot / E-voting (“Notice”), pursuant to the applicable provisions of the Companies Act, 2013 (“Act”), including the Secretarial Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time¹. This Notice is to be read together with the explanatory statement provided hereunder.

Item No. 1: Approval of the Sun Pharma Employees Stock Option Plan 2026 and Provision of Funds to the Trust

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Regulations 3, 6(1) and other applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time (“SBEB Regulations”), Section 67(3)(b) and other applicable provisions of the Companies Act, 2013 (“Act”), read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 (“Rules”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum and Articles of Association of the Company and other applicable laws, and subject to such approvals as may be required, consent of the Members be and is hereby accorded for the adoption and implementation of the Sun Pharma Employees Stock Option Plan 2026 (“ESOP 2026” or “Plan”) for eligible employees of the Company, on the terms set out in the Plan and the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company and the Nomination and Remuneration Committee, acting as the Compensation Committee under the SBEB Regulations, within their respective powers and authority (collectively referred to as “Board”), be and are hereby authorised to grant, in one or more tranches, up to 12,000,000 (Twelve Million) Options, each Option conferring a right, but not an obligation, to acquire one existing fully paid-up equity share of the Company of face value INR 1, subject to the terms of ESOP 2026 and applicable laws.

RESOLVED FURTHER THAT ESOP 2026 shall be implemented through the Sun Pharma ESOP Trust, an irrevocable employee welfare trust established or to be established by the Company (“Trust”), using existing equity shares acquired from the secondary market, and no fresh equity shares shall be issued or allotted under the Plan.

RESOLVED FURTHER THAT consent of the Members be and is hereby accorded to the Company to provide money to the Trust, in one or more tranches, by way of a loan with or without interest and, on such terms, as may be determined by the Board in compliance with applicable laws, solely for implementation of ESOP 2026, subject to the limits prescribed under Rule 16 and other applicable laws.

¹This Notice is issued pursuant to Sections 108 and 110 of the Companies Act, 2013, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India and the applicable circulars issued by the Ministry of Corporate Affairs and SEBI, each as amended from time to time.

RESOLVED FURTHER THAT consent of the Shareholders be and is hereby accorded to the Board to, at any time, modify, change, vary, alter, amend, suspend or terminate the Plan subject to the compliance with the applicable laws and regulations and further subject to consent of the members by way of special resolution to the extent required under SBEB Regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to administer and implement ESOP 2026, determine the eligible employees and terms of Grants, finalise the terms of funding to the Trust, make appropriate adjustments in the event of corporate actions, execute necessary documents, obtain requisite approvals, make applicable filings and disclosures and do all such acts, deeds and things as may be necessary for giving effect to this Resolution, including delegation of administrative and ministerial functions to the extent permitted under applicable law.”

Please [click here](#) for the explanatory statement.

Item No. 2: Approval of Secondary Acquisition of Equity Shares by the Trust

*To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:*

“RESOLVED THAT pursuant to Regulations 3, 6(3)(a) and other applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time (“SBEB Regulations”), the applicable provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum and Articles of Association of the Company and other applicable laws, and subject to such approvals as may be required, consent of the Shareholders be and is hereby accorded to the Sun Pharma ESOP Trust, an irrevocable employee welfare trust established or to be established by the Company (“Trust”), to acquire, in one or more tranches, through recognised stock exchange(s), up to 12,000,000 (Twelve Million) existing fully paid-up equity shares of the Company of face value INR 1 each, representing approximately 0.50% of the paid-up equity share capital of the Company as at 31 March 2026, for implementation of the Sun Pharma Employees Stock Option Plan 2026 (“ESOP 2026” or “Plan”), subject to the limits and conditions prescribed under the SBEB Regulations.

RESOLVED FURTHER THAT the shares acquired by the Trust shall be within, and not in addition to, the overall ceiling of 12,000,000 (Twelve Million) Options under ESOP 2026 and shall be acquired, held, appropriated, transferred, sold or otherwise dealt with only for the purposes of ESOP 2026 and in accordance with the Plan, the trust deed and applicable laws.

RESOLVED FURTHER THAT the Trust shall undertake only delivery-based transactions in the shares and shall not deal in derivatives, except to the extent expressly permitted under the under the SBEB Regulations, and the Trustees shall not exercise voting rights in respect of the shares held by the Trust.

RESOLVED FURTHER THAT the Board, be and is hereby authorised to take all such actions and steps as may be necessary, expedient or incidental for the purpose of giving effect to this Resolution and implementation of the Scheme through the Trust, including issuing directions to the Trust, executing documents, making filings and disclosures, obtaining approvals, consents, permissions and sanctions from any statutory, regulatory or governmental authority, and to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable in this regard.”

Please [click here](#) for the explanatory statement.

Item No. 3: Approval for Extension of ESOP 2026 to Eligible Employees of Subsidiary Companies

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Regulation 6(3)(c) and other applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time (“SBEB Regulations”), the applicable provisions of the Companies Act, 2013 and the rules made thereunder, the Foreign Exchange Management Act, 1999 and other applicable laws, and subject to such approvals as may be required, consent of the Members be and is hereby accorded for extending the benefits of the Sun Pharma Employees Stock Option Plan 2026 (“ESOP 2026” or “Plan”) to such eligible employees of the subsidiary company(ies) of the Company, in India or outside India, as may be identified by the Nomination and Remuneration Committee (“NRC”) from time to time, on the terms set out in the Plan and the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT the Options granted to eligible employees of subsidiary company(ies) shall be within, and not in addition to, the overall ceiling of 12,000,000 (Twelve Million) Options under ESOP 2026 and shall be settled through existing equity shares acquired and held by the Sun Pharma ESOP Trust in accordance with applicable laws.

RESOLVED FURTHER THAT this approval shall not create any automatic entitlement in favour of any employee, and each Grant shall remain subject to identification and approval by the Nomination and Remuneration Committee, the terms of ESOP 2026 and applicable laws.

RESOLVED FURTHER THAT the Board of Directors of the Company, including the NRC, be and is hereby authorised to make necessary filings and disclosures, obtain requisite approvals and do all such acts, deeds and things as may be necessary for giving effect to this Resolution.”

Please [click here](#) for the explanatory statement.

Item No. 4: Approval for Enhancement of limits under Section 186 of the Companies Act, 2013

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of the special resolution passed by the Shareholders of the Company on 04 November 2015, and pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), read with Rule 11 of the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable rules made thereunder, including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force, and subject to such approvals, consents, permissions and sanctions as may be necessary, consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee of the Board or any person(s) authorised by the Board to exercise its powers, including the powers conferred by this resolution, to the extent permitted by applicable law) to give any loan to any person or other body corporate, give any guarantee or provide any security in connection with a loan to any other body corporate or person, and/or acquire, by way of subscription, purchase or otherwise, the securities of any other body corporate, from time to time, in one or more tranches, notwithstanding that the aggregate amount of all loans, guarantees, securities and investments so far made, given or provided and proposed to be made, given or provided may exceed the limits prescribed under Section 186(2) of the Act, provided that the aggregate amount of such loans, guarantees, securities and investments outstanding at any point in time shall not exceed INR 800 Billion (Indian Rupees Eight Hundred Billion only).

RESOLVED FURTHER THAT the authority granted pursuant to this resolution shall remain valid for a period of 5 (five) years from the date of declaration of the results of the Postal Ballot, unless renewed, modified or superseded earlier by the Shareholders of the Company.

RESOLVED FURTHER THAT the aforesaid approval is an enabling authority and shall not, by itself, result in any loan being granted, guarantee being given, security being provided or investment being made by the Company, and every transaction undertaken pursuant to this resolution shall be separately evaluated and approved by the Board or the appropriate committee or authorised person(s), as applicable, having regard to, inter alia, the purpose of the transaction, commercial justification, financial position and repayment capacity of the recipient, expected benefit to the Company, risk profile, terms of the transaction and its impact on the financial position of the Company and to negotiate, finalise and execute all agreements, applications, declarations, undertakings, deeds, instruments and other documents and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise in connection with the implementation of this resolution and to delegate, to the extent permitted under applicable law, all or any of the powers conferred by this resolution to any committee of the Board, director(s), Key Managerial Personnel or officer(s) of the Company.”

Please [click here](#) for the explanatory statement.

Item No. 5: Approval for Enhancement of borrowing limit under Section 180(1)(c) of the Companies Act, 2013

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of the special resolution passed by the Shareholders of the Company on 27 September 2014, and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules made thereunder, including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee of the Board or any person(s) authorised by the Board to exercise its powers, including the powers conferred by this resolution, to the extent permitted by applicable law) to borrow, from time to time, any sum or sums of money in Indian Rupees or in any foreign currency, from banks, financial institutions, bodies corporate, mutual funds, trusts, funds, debenture holders, bondholders, security holders or any other permitted lender, whether by way of loans, credit facilities, debentures, bonds, notes, commercial paper, external commercial borrowings or any other permitted instrument or arrangement, whether secured or unsecured, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company, apart from temporary loans obtained from the Company’s bankers in the ordinary course of business, may exceed the aggregate of the paid-up share capital, free reserves and securities premium account of the Company, provided that the aggregate principal amount of such borrowings outstanding at any point in time shall not exceed INR 700 Billion (Indian Rupees Seven Hundred Billion only).

RESOLVED FURTHER THAT the authority granted pursuant to this resolution shall remain valid for a period of 5 (five) years from the date of declaration of the results of the Postal Ballot, unless renewed, modified or superseded earlier by the Shareholders of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to determine the amount, timing, nature, currency, tenure, interest rate, pricing, repayment schedule, security, covenant package and other terms and conditions of each borrowing and to negotiate, finalise and execute all agreements, applications, deeds, declarations, undertakings, instruments and other documents and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for giving effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise in connection with the implementation of this resolution and to delegate, to the extent permitted under applicable law, all or any of the powers conferred by this resolution to any committee of the Board, director(s), Key Managerial Personnel or officer(s) of the Company.”

Please [click here](#) for the explanatory statement.

Item No. 6: Approval for Creation of security under Section 180(1)(a) of the Companies Act, 2013

*To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:*

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules made thereunder, including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force, and subject to the borrowing limit approved by the Shareholders under Section 180(1)(c) of the Act, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee of the Board or any person(s) authorised by the Board to exercise its powers, including the powers conferred by this resolution, to the extent permitted by applicable law) to create, from time to time, such mortgages, charges, hypothecations, assignments, pledges, liens or other security interests, in such form, manner and ranking and on such terms as the Board may consider appropriate, on the whole or substantially the whole of any one or more of the undertakings of the Company, in favour of banks, financial institutions, debenture trustees, security trustees or other permitted lenders or security holders, for securing the borrowings of the Company within the aggregate principal limit of INR 700 Billion (Indian Rupees Seven Hundred Billion only) approved by the Members under Section 180(1)(c) of the Act; and interest, additional interest, default interest, compound interest, liquidated damages, commitment charges, premia on prepayment or redemption, remuneration and expenses of trustees, costs, fees, charges and all other monies payable in connection with such borrowings, provided that the aggregate amount secured by the mortgages, charges, hypothecations or other security interests created pursuant to this resolution shall not exceed INR 700 Billion (Indian Rupees Seven Hundred Billion only), at any point in time.

RESOLVED FURTHER THAT the authority granted pursuant to this resolution shall remain valid for a period of 5 (five) years from the date of declaration of the results of the Postal Ballot, unless renewed, modified or superseded earlier by the Shareholders of the Company.

RESOLVED FURTHER THAT the aforesaid approval is an enabling authority and shall not, by itself, create any mortgage, charge, hypothecation or other security interest over any undertaking, property or asset of the Company, and each creation of security shall remain subject to separate evaluation and approval under the Company’s applicable internal approval framework and applicable law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to identify the undertakings, properties and assets to be secured, determine the nature, extent, ranking and terms of the security, negotiate and finalise the financing and security arrangements and execute all deeds, agreements, declarations, undertakings, instruments and other documents and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for giving effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise in connection with the implementation of this resolution and to delegate, to the extent permitted under applicable law, all or any of the powers conferred by this resolution to any committee of the Board, director(s), Key Managerial Personnel or officer(s) of the Company.”

Please [click here](#) for the explanatory statement.

Item No. 7: Approval for Creation of Encumbrance over Shares Pursuant to Regulation 24(5) of the SEBI Listing Regulations

*To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:*

“RESOLVED THAT pursuant to Regulation 24(5) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the applicable provisions of the Companies Act, 2013 and the rules made thereunder, the Foreign Exchange Management Act, 1999 read with the applicable overseas investment laws, rules, regulations and directions, the Memorandum and Articles of Association of the Company and all other applicable laws, rules and regulations, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and subject to such approvals, consents, permissions and sanctions as may be necessary, consent of the Members be and is hereby accorded to the Board of Directors of the Company (“Board”, which term shall be deemed to include any committee thereof and any person(s) authorised by the Board) to create, permit or procure the creation of a pledge, lien, charge or other encumbrance over all or any part of the shares of Organon & Co. and Organon Asia Holdings B.V. or their subsidiary(ies), (collectively referred as “Organon”) proposed to be acquired and held, directly or indirectly, through one or more subsidiaries of the Company pursuant to the Agreement and Plan of Merger dated [27 April 2026](#) (“Proposed Acquisition”), in favour of the lenders, security trustee, collateral agent or other secured parties acting in connection with financing facilities aggregating up to USD 12 Billion (United States Dollars Twelve Billion only), together with all interest, default interest, fees, commissions, premiums, costs, expenses and other amounts payable in relation thereto (“Facilities”), availed or to be availed by the Company and/or any of its subsidiaries for the purpose of financing, in whole or in part, the Proposed Acquisition and any refinancing, replacement, amendment, extension or renewal thereof.

RESOLVED FURTHER THAT for the purposes of this approval, the Members specifically note that upon completion of the Proposed Acquisition, Organon may become a material subsidiary of the Company under the SEBI Listing Regulations and that the pledge, lien, charge or other encumbrance contemplated herein is proposed to be created as a security requirement under the Facilities obtained in connection with the Proposed Acquisition.

RESOLVED FURTHER THAT the approval granted under this resolution shall continue to remain valid and effective for so long as the Facilities or any refinancing, replacement, amendment, extension or renewal thereof remain outstanding and until all obligations in respect thereof have been fully satisfied or discharged and the relevant pledge, lien, charge or other encumbrance has been released by the secured parties in accordance with the applicable financing documents.

RESOLVED FURTHER THAT the Board be and is hereby authorised to determine the timing, manner, extent and commercial terms of the pledge, lien, charge or other encumbrance, identify the shares and entities over which such security may be created, negotiate, finalise, execute, amend, supplement and deliver all facility agreements, security documents and ancillary agreements, make necessary filings and disclosures, obtain all approvals and consents, appoint advisers and representatives, settle any question, difficulty or doubt that may arise and do all such acts, deeds, matters and things as may be necessary, proper or expedient for giving effect to this resolution, including delegation of any of the powers conferred herein to any committee of the Board, director, officer or authorised representative of the Company or any of its subsidiaries.”

Please [click here](#) for the explanatory statement.

Place: Mumbai
Date: 01 October 2026

For Sun Pharmaceutical Industries Limited
(Anoop Deshpande)
Company Secretary and Compliance Officer
ICSI Shareholdership No.: A23983

EXPLANATORY STATEMENT
[Pursuant to Section 102 of the Companies Act, 2013]

Part A: Item Nos. 1 to 3 – Sun Pharma Employees Stock Option Plan (ESOP 2026) and Connected Matters

1. Background, Rationale and Justification

1.1 Existing Long-term incentive Arrangement and Proposed ESOP 2026

- a. The compensation structure of the Company currently includes a cash-settled long-term incentive component for certain employees, under which rewards are linked to the achievement of business and individual performance objectives over a defined period. While this arrangement supports performance and retention, it does not provide participating employees with a direct economic interest in the equity shares of the Company.
- b. To strengthen the alignment between employee rewards and long-term shareholder value creation, the Nomination and Remuneration Committee (“NRC”) reviewed and recommended the Sun Pharma Employees Stock Option Plan 2026 (“ESOP 2026” or “Plan”) to the Board of Directors (“Board”). In making its recommendation, the NRC considered, inter alia, the employee eligibility and grant framework, overall option pool, employee-level grant limits, performance and vesting conditions, Exercise Price and Exercise Period, implementation through an employee welfare trust, secondary acquisition of existing equity shares, provision of funds to the Trust, and extension of the Plan to eligible employees of subsidiary company(ies).
- c. Based on the recommendation of the NRC, the Board approved ESOP 2026 and authorised the NRC to perform the functions of the Compensation Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended (“SBEB Regulations”), and to administer and supervise the Plan in accordance with its terms and applicable laws.
- d. The ESOP 2026 is prospective in nature and shall apply only to Grants made from financial year 2026-27 onwards in accordance with its terms. Any awards, entitlements or benefits relating to the Company’s existing cash-settled long-term incentive arrangements for periods up to and including financial year 2025-26 shall continue to be governed by the terms applicable thereto and shall remain unaffected by the implementation of ESOP 2026. Such arrangements shall not be substituted, converted into, or otherwise impacted by ESOP 2026.
- e. ESOP 2026 will be implemented through an employee welfare trust using existing equity shares acquired from the secondary market to the extent of the ESOP Pool. No fresh equity shares will be issued or allotted under the Plan. Accordingly, ESOP 2026 will not increase the issued or paid-up equity share capital of the Company or dilute the percentage shareholding of existing Shareholders. The Trust route will, however, involve funding, accounting, tax, administrative and compliance costs for the Company and the Trust.

1.2 Requirement of Shareholder Approvals

- a. Pursuant to Regulation 6(1) of the SBEB Regulations, every employee stock option scheme is required to be approved by the Shareholders by way of a Special Resolution.

- b. In addition, since ESOP 2026 is proposed to be implemented through an employee welfare trust using existing equity shares acquired through secondary acquisition and will also be extended to eligible employees of subsidiary company(ies), separate approvals of the Shareholders are required under Regulations 6(3)(a) and 6(3)(c) of the SBEB Regulations.
- c. Further, Section 67(3)(b) of the Companies Act, 2013 (“Act”), read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, permits a company, subject to approval of its Shareholders by way of a Special Resolution, to provide money for the purchase of its fully paid-up shares to be held by trustees for the benefit of employees under an employee benefit scheme.
- d. Accordingly, the approval of the Shareholders is being sought by way of the following Special Resolutions:
 - **Item No. 1:** Approval of the Sun Pharma Employees Stock Option Plan 2026 and Provision of Funds to the Trust;
 - **Item No. 2:** Approval of Secondary Acquisition of Equity Shares by the Trust; and
 - **Item No. 3:** Approval for Extension of ESOP 2026 to Eligible Employees of Subsidiary Companies.
- e. While separate approvals are being sought to comply with the distinct requirements prescribed under the SBEB Regulations and the Act, ESOP 2026 will operate as a single employee stock option scheme. Accordingly, all Options granted under ESOP 2026, including those granted to eligible employees of subsidiary company(ies), and all Shares acquired by the Trust for settlement of such Options, shall remain subject to the common overall ceiling of 1,20,00,000 Options approved under the Plan.

2. Key Highlights of the ESOP 2026

2.1 Eligible Employees and Determination of Grants

- a. Subject to applicable law, ESOP 2026 may be extended to such employees as may be identified by the NRC, including employees of the Company working in India or outside India, eligible directors of the Company (other than independent directors) and, subject to approval under Item No. 3, eligible employees of subsidiary company(ies), whether in India or outside India. Promoters, Shareholders of the Promoter Group, independent directors and such other persons as may be ineligible under the SBEB Regulations, shall not be entitled to participate in ESOP 2026.
- b. The NRC shall determine the number of Options to be granted to each eligible employee from time to time. In making such determinations, the NRC may consider factors including, among others, the employee’s role and responsibilities, designation and seniority, individual and business performance, leadership contribution, future potential, criticality of position, retention and succession planning considerations, and contribution to the consolidated operations and long-term interests of the Company and its subsidiary company(ies).
- c. Participation in ESOP 2026 shall not confer any automatic or vested right to receive Options. All Grants under ESOP 2026 shall be made solely at the discretion of the NRC and shall be subject to such terms and conditions as may be determined by the NRC in accordance with the Plan and applicable law.
- d. The number of Options that may be granted to any eligible employee shall not exceed 120,000 (One Hundred Twenty Thousand) Options in any financial year. Any Grant requiring approval of the Shareholders under the SBEB Regulations shall be made only after obtaining such approval.

2.2 Option Pool, Performance and Vesting

- a. The maximum number of Options that may be granted under ESOP 2026, whether in one or more tranches, shall not exceed 12,000,000 (Twelve Million) Options. This overall limit includes Options that may be granted to eligible employees of the Company as well as its subsidiary company(ies). Each Option shall confer a right, but not an obligation, to acquire one existing fully paid-up equity share of the Company of face value INR 1, subject to satisfaction of the applicable vesting, performance and exercise conditions.
- b. The number of Options granted to an eligible employee shall be determined by the NRC having regard to such factors as it may consider appropriate, including the approved long-term incentive opportunity, the market price of the Company's equity shares, the Exercise Price, the employee's role and responsibilities, performance, retention considerations and other relevant business and talent-management factors.
- c. ESOP 2026 is a performance-linked equity incentive plan under which vesting shall be determined based on Business Unit Performance, Individual Performance and/or such other performance criteria as may be approved by the NRC. For Grants currently contemplated, the performance assessment is expected to comprise Business Unit Performance (80%), measured primarily against Net Sales and Earnings Before Tax targets, and Individual Performance (20%), based on the employee's performance rating.
- d. For future Grants, the NRC may determine different performance measures, weightages, thresholds and evaluation methodologies, including financial, operational, strategic or individual performance metrics. The applicable performance criteria and weightages shall be determined on or before the Grant Date and communicated in the relevant Grant Letter.
- e. No Option shall vest earlier than one year from the Grant Date. Subject to the applicable vesting and performance conditions, Options are generally intended to vest over a period not exceeding five years from the Grant Date and are currently proposed to vest in three equal annual instalments, in such manner as may be determined by the NRC at the time of Grant.

2.3 Exercise Price and Exercise of Options

- a. The Exercise Price shall be INR 1 per Option or the prevailing face value of an equity share of the Company, whichever is higher. The Exercise Price has been determined having regard to the design and purpose of ESOP 2026, which is intended to replace an identified portion of the existing cash-based long-term incentive opportunity available to eligible employees with performance-linked equity incentives. Accordingly, ESOP 2026 is not intended to create an additional long-term remuneration opportunity over and above the existing incentive framework, but to align a portion of employee compensation with the long-term performance of the Company and the interests of Shareholders.
- b. The NRC believes that a nominal Exercise Price is appropriate in the context of a performance-linked equity plan that substitutes a portion of cash compensation and derives value only upon satisfaction of the applicable vesting and performance conditions. The ultimate value, if any, delivered to participants will depend on achievement of the prescribed performance criteria, continued service, the number of Options that vest and are exercised, the market price of the Company's equity shares at the time of exercise, applicable taxes and transaction costs, and the timing of any sale of shares. ESOP 2026 does not guarantee any minimum benefit, return or appreciation in the market price of the Company's equity shares.
- c. Vested Options may be exercised within a period of up to 60 (sixty) months from the relevant Vesting Date, or such shorter period as may be specified by the NRC in the applicable Grant Letter, provided that such Exercise Period shall not be less than 12 (twelve) months from the relevant Vesting Date.

Exercise of Options may be undertaken through a cash exercise or cashless exercise mechanism, subject to applicable law and the terms of the Scheme. Any Vested Option not exercised within the applicable Exercise Period shall automatically lapse and stand cancelled.

- d. Shares transferred by the Trust upon exercise of vested Options shall not be subject to any lock-in unless otherwise required under applicable law. The exercise of Options and any subsequent sale or transfer of shares shall remain subject to applicable tax and withholding obligations, the Company's Code of Conduct for Prohibition of Insider Trading, trading window restrictions and other applicable legal and regulatory requirements.

2.4 Treatment Upon Cessation of Employment

- a. The treatment of Options upon resignation, retirement, death, permanent incapacity, termination, transfer or any other cessation of employment will be governed by ESOP 2026, the relevant Grant Letter and applicable law.
- b. Unvested Options will ordinarily lapse upon cessation of employment, except where otherwise provided under ESOP 2026 or required under applicable law. Vested Options may be exercised within the period prescribed under ESOP 2026 or the relevant Grant Letter, having regard to the nature and circumstances of cessation.
- c. The treatment of Options in the event of death or permanent incapacity will be governed by the SBEB Regulations and ESOP 2026.
- d. Options granted under ESOP 2026 will not be transferable, assignable, pledged, hypothecated or otherwise alienated, except by transmission to the nominee or legal heir of the Option Grantee in the event of death, in accordance with ESOP 2026 and applicable law.

2.5 Extension to Eligible Employees of Subsidiary Companies

- a. The Company conducts a significant part of its consolidated business through subsidiaries in India and outside India. Employees of such subsidiaries may contribute materially to the Company's consolidated operations, research and development, manufacturing, commercial activities, strategic initiatives and long-term objectives.
- b. Extension of ESOP 2026 to eligible employees of subsidiary company(ies) is intended to support a consistent Group-wide framework for long-term incentives, retention, leadership development, succession planning and employee mobility.
- c. Options granted to eligible employees of subsidiary company(ies) will be within, and not in addition to, the overall ceiling of 12,000,000 (Twelve Million) Options under ESOP 2026.
- d. Approval under Item No. 3 will not create an automatic entitlement in favour of any subsidiary employee. Each Grant will remain subject to the employee eligibility and Grant criteria under Clause 2.1, the performance and vesting conditions under Clause 2.2, specific approval by the NRC, the terms of the relevant Grant Letter and applicable country-specific legal, tax, employment, foreign-exchange and other regulatory requirements.

3. Administration

3.1 Administration Through the Trust

- a. ESOP 2026 will be implemented exclusively through the Sun Pharma ESOP Trust, an irrevocable employee welfare trust established or to be established by the Company (“Trust”). The Trust will acquire existing fully paid-up equity shares of the Company from the secondary market, within the annual, scheme-wise and aggregate limits and other conditions prescribed under the SBEB Regulations. Upon valid exercise of Vested Options, the Trust will transfer the corresponding existing equity shares to the eligible employee, nominee or legal heir, as applicable.
- b. No fresh equity shares will be issued or allotted under ESOP 2026. Accordingly, the Plan will not increase the issued or paid-up equity share capital of the Company or dilute the percentage shareholding of existing Shareholders.
- c. The Trust route has been selected because it enables the Company to introduce a share-based long-term incentive while avoiding dilution of existing Shareholders’ percentage ownership. The route will, however, involve acquisition and funding costs and continuing administrative, accounting, tax and compliance responsibilities for the Company and the Trust.
- d. The Trustees will not exercise voting rights in respect of the Shares held by the Trust.
- e. The Trust will undertake only delivery-based transactions and will not deal in derivatives, except as otherwise permitted under the SBEB Regulations.

3.2 Provision of Money to the Trust

- a. Section 67(3)(b) of the Companies Act 2013, permits the Company to provide money under a scheme approved by the Shareholders through a Special Resolution for the purchase of fully paid-up shares to be held by trustees for the benefit of employees. Rule 16 of the Rules requires the scheme for provision of money to be approved by the Shareholders and prescribes the applicable conditions and disclosures. Separate approval under Item No. 2 is being sought for secondary acquisition in accordance with Regulation 6(3)(a) of the SBEB Regulations.
- b. Accordingly, under Item No. 1, the Company proposes to provide money to the Trust, in one or more tranches, by way of a loan carrying such interest and, on such tenure, repayment and other terms as may be determined by the Board in compliance with applicable law.
- c. The money will be utilised solely for acquiring equity shares of the Company and implementing ESOP 2026 and will remain within the limits prescribed under Rule 16, the SBEB Regulations and other applicable laws.
- d. The loan will be repayable from the Exercise Price received from eligible employees, proceeds from permitted sale or transfer of Shares, dividends or other income received by the Trust and such other sources as may be permitted under applicable law.

3.3 Trust and Trustee Disclosures

The prescribed particulars relating to the Trust and Trustees are set out below:

Sr. No.	Particulars	Disclosure
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1	Beneficiary employees	Eligible employees of the Company and, subject to Item No. 3, eligible employees of subsidiary company(ies) in India or outside India and eligible directors other than independent directors, as permitted under the SBEB Regulations. Promoters, Shareholders of the Promoter Group, independent directors and other ineligible persons will not participate.				
2	Name and nature of Trust	Sun Pharma ESOP Trust, an irrevocable employee welfare trust established or to be established for implementation of ESOP 2026.				
3	Particulars of Trustees	The names, addresses, occupations and nationalities or places of incorporation of the Trustees, and their relationship, if any, with the promoters, Directors or Key Managerial Personnel, are set out below.				
		Name of Trustee	Address	Occupation	Nationality	Relationship, if any
		Qapita EquityTech Limited	IndiQube The Kode, 7th Floor, Sr. No. 134, Hissa No. 1/38, CTS No. 2265 to 2273, Baner Pashan Link Road, Pune - 411045	Body corporate acting as Trustee	Incorporated in India	None
		Mr. Suresh Rai	Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon East, Mumbai – 400 063, Maharashtra (India)	Professional	Indian	None
		Mr. Akshay Wadhwa	Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon East, Mumbai – 400 063, Maharashtra (India)	Professional	Indian	None
4	Eligibility of Trustees	No person disqualified under Rule 16 of the Rules or the SBEB Regulations will be appointed or continue as a Trustee.				
5	Interest of promoters, Directors and KMPs	Directors and KMPs may be deemed interested only to the extent of Options that may be granted to them, if eligible, and their respective shareholding, if any. The arrangement will not confer any benefit on promoters or Shareholders of the Promoter Group.				
6	Benefits to employees	Eligible employees will have an opportunity to acquire Shares upon satisfaction of the applicable performance, vesting and exercise conditions. The actual benefit will depend upon the Options vested and exercised, market price, Exercise Price, taxes and transaction costs. No minimum benefit or return is guaranteed.				
7	Voting Rights	The Trustees will not exercise voting rights in respect of the Shares held by the Trust. The Company will make the disclosures prescribed under applicable law regarding voting rights not exercised directly by employees.				

3.4 Accounting, Amendments and Certification

- The Company will comply with Ind AS 102, the SBEB Regulations and other applicable accounting and disclosure requirements and will use the fair-value method for valuation of Options.
- Any variation, amendment or repricing of ESOP 2026 will be undertaken only in accordance with applicable law and, where required, after obtaining approval of the Shareholders.

- c. In the event of a corporate action, including buy-back, bonus issue, rights issue, share split, consolidation, merger, demerger, amalgamation or reorganisation of capital, fair and reasonable adjustments may be made to the number of Options, Exercise Price, performance and vesting conditions and other relevant terms of ESOP 2026, without affecting the overall economic value of the Options and subject to applicable law.
- d. The Company shall comply with the requirements of Regulation 13 of SBEB Regulations, including the requirement to place before the Shareholders at each Annual General Meeting a certificate from the Secretarial Auditor confirming that ESOP 2026 is being implemented in accordance with the applicable provisions of the said Regulations and the resolutions approved by the Shareholders.

4. Board Assessment, Recommendation and Interest

4.1 Board Assessment and Justification

- a. Based on the recommendation of the NRC and having considered the relevant commercial, financial, accounting, governance, regulatory and employee-retention considerations, the Board has formed the view that ESOP 2026 constitutes an appropriate long-term incentive and retention framework for eligible employees and is expected to further align employee interests with long-term shareholder value creation.
- b. The Board also noted that ESOP 2026 is intended to replace an identified portion of the existing cash-based long-term incentive opportunity available to eligible employees with performance-linked equity incentives and is not intended to create an additional long-term compensation opportunity over and above the existing incentive framework.
- c. In forming its view, the Board considered, among other things, the proposed funding of the Trust, the acquisition of Shares by the Trust through secondary acquisition, the operation of the Plan through the Trust mechanism and the extension of benefits to eligible employees of the Company and its subsidiaries.
- d. Having regard to the foregoing, the Board is of the view that the adoption and implementation of ESOP 2026 is expected to support the Company's long-term objectives and align employee rewards more closely with long-term shareholder outcomes and value creation.
- e. The Board further noted that ESOP 2026 does not guarantee any minimum benefit, return or reward to any participant. The ultimate value, if any, realised by a participant will depend upon satisfaction of the applicable vesting and performance conditions, the number of Options that vest and are exercised, the market price of the Company's equity shares, applicable taxes and costs, and the timing of exercise or sale.

4.2 Interest of Directors, KMPs and Promoters

- a. The Directors and Key Managerial Personnel of the Company may be deemed concerned or interested in Item Nos. 1 to 3 to the extent of any Options that may be granted to them, if eligible, and to the extent of their respective shareholding, if any, in the Company.
- b. Save as aforesaid, none of the Directors, Key Managerial Personnel, promoters or their respective relatives is concerned or interested, financially or otherwise, in Item Nos. 1 to 3.

- c. Promoters and Shareholders of the Promoter Group are not eligible to participate in ESOP 2026. The Trust and proposed funding arrangement will not confer any benefit upon them.
- d. The Board recommends the Special Resolutions set out at Item Nos. 1 to 3 for approval of the Shareholders.

4.3 SBEB Disclosures

The disclosures prescribed under Regulation 6(2), read with Part C of Schedule I to the SBEB Regulations, are set out in [Annexure A](#), which forms an integral part of this Explanatory Statement.

Please [click here](#) for the resolutions.

Part B: Item Nos. 4 to 7 - Funding and Acquisition and Connected Matters

1. Background, Rationale and Funding Requirements

1.1 Proposed Acquisition and Funding Structure

- a. On [27 April 2026](#), the Company announced that it had entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Organon in relation to the proposed acquisition of Organon (the “Proposed Acquisition”).
- b. Under the Merger Agreement, the Proposed Acquisition is intended to be implemented through a merger transaction pursuant to which Organon will become, directly or indirectly, a wholly owned subsidiary of the Company upon completion of the Proposed Acquisition.
- c. The Proposed Acquisition is aligned with the Company’s strategy of strengthening and diversifying its global pharmaceutical business. It is expected to enhance the Company’s scale, geographical presence and product portfolio, particularly in women’s health, established branded medicines and biosimilars, and support sustainable long-term value creation.
- d. The Proposed Acquisition is expected to be funded through a combination of available cash and debt financing. The final funding structure will be determined after considering, among other factors, the acquisition consideration, available internal resources, market conditions, financing costs, currency, tenure, repayment profile, liquidity, leverage, credit profile, regulatory considerations and the commercial terms offered by prospective financing providers.
- e. In connection with the Proposed Acquisition and the related financing arrangements, the Company and/or one or more of its subsidiaries may be required to raise borrowings, make investments, provide loans, guarantees, indemnities or other financial support, refinance existing or acquisition-related indebtedness, and create mortgages, charges, pledges, liens or other security interests over their assets, investments, receivables, bank accounts or other property in favour of financing providers and other secured parties.

- f. The proceeds of such financing arrangements may be utilised towards payment of the acquisition consideration, transaction and financing costs, refinancing of indebtedness, funding integration and working capital requirements, and such other purposes as may be permitted under the applicable financing, acquisition or related transaction documents. The final mix of cash utilisation, investments, loans, guarantees, borrowings and security arrangements will be determined after evaluating the available alternatives and the overall interests of the Company.

1.2 Existing Limits and Need for Enhancement

- a. The Shareholders had previously approved an aggregate limit of INR 500 billion under Section 186 of the Companies Act, 2013 (“Act”) on 4 November 2015 and an aggregate borrowing limit of INR 500 Billion (Indian Rupees Five Hundred Billion only) under Section 180(1)(c) of the Act on 27 September 2014. The Shareholders had also authorised the creation of mortgages, charges and other security interests under Section 180(1)(a) of the Act in connection with the Company’s borrowings.
- b. The existing position and proposed limits are summarised below:

Particulars	Existing Limit (INR billion)	Position as at 30 June 2026 (INR billion) Approximately	Proposed Limit (INR billion)
Loans, guarantees, securities and investments under Section 186	500	167.9	800
Borrowings under Section 180(1)(c)	500	134.3	700
Creation of security under Section 180(1)(a)	500 (Linked to existing borrowing authority)	Nil	700 (Linked to existing borrowing authority)

- c. The Proposed Acquisition of Organon has provided the Board with an opportunity to comprehensively review the Company's existing financing authorities and the adequacy of the headroom available under the approvals granted by the Shareholders in 2014 and 2015.
- d. In undertaking this review, the Board noted that the existing approvals were granted more than a decade ago. Since then, the Company has expanded significantly in terms of scale of operations, geographical presence, product portfolio, investments, research and development activities, manufacturing capabilities and overall global business footprint. Consequently, the potential funding, investment and treasury requirements of the Company and its subsidiaries have increased substantially as compared to when the existing limits were approved.
- e. The Board further considered the potential funding requirements associated with the Proposed Acquisition, including acquisition financing, investments, loans, guarantees and other financial support arrangements, refinancing requirements, integration-related funding needs and related treasury activities. Depending upon the final transaction and financing structure, these requirements could result in a material utilisation of the existing limits.
- f. While the enhanced limits are expected to facilitate the funding and implementation of the Proposed Acquisition and related arrangements, the Board believes that it is appropriate to align the Company’s financing authorities with its current scale and future business requirements rather than seek approvals limited to a particular transaction. Accordingly, the Board has considered it prudent to seek approval of the Shareholders for enhancement of the Section 186 limit to INR 800 Billion (Indian Rupees Eight Hundred Billion only), the borrowing limit under Section 180(1)(c) to INR 700 Billion

(Indian Rupees Seven Hundred Billion only) and the corresponding authority to create security under Section 180(1)(a) up to INR 700 Billion (Indian Rupees Seven Hundred Billion only).

1.3 Statutory Requirements and approvals Sought

- a. Section 186 of the Act requires prior approval of the Shareholders by way of a Special Resolution where the aggregate amount of loans, guarantees, securities and investments exceeds the prescribed statutory limits. Accordingly, approval under Item No. 4 is being sought to enhance the aggregate limit from INR 500 Billion (Indian Rupees Five Hundred Billion only) to INR 800 Billion (Indian Rupees Eight Hundred Billion only).
- b. Section 180(1)(c) of the Act requires approval of the Shareholders where the Company's borrowings, excluding temporary loans obtained from its bankers in the ordinary course of business, exceed the applicable statutory threshold. Accordingly, approval under Item No. 5 is being sought to enhance the borrowing limit from INR 500 Billion (Indian Rupees Five Hundred Billion only) to INR 700 Billion (Indian Rupees Seven Hundred Billion only).
- c. Section 180(1)(a) of the Act requires approval of the Shareholders where creation or enforcement of security may involve the sale, lease or other disposal of the whole or substantially the whole of an undertaking of the Company. Accordingly, approval under Item No. 6 is being sought to authorise the creation of mortgages, charges, pledges and other security interests up to INR 700 Billion (Indian Rupees Seven Hundred Billion only) in connection with the Company's borrowings and financing arrangements.
- d. Approval of Item Nos. 4 to 6 will not, by itself, result in any immediate borrowing, investment, loan, guarantee, creation of security or financial outflow, nor will it require the Company to utilise the entire approved limits. Any utilisation of the approved limits will continue to be subject to applicable laws, internal approval processes and prevailing business requirements.
- e. The Board also considers it appropriate, as a matter of enhanced corporate governance and shareholder engagement, that the approvals sought under Item Nos. 4 to 6 be placed before the Shareholders for review at least once every five years. This represents a governance enhancement over the approvals granted in 2014 and 2015 and will provide Shareholders with a periodic opportunity to review the continued appropriateness of such authorities in light of the Company's business and financing requirements at the relevant time.

2. Proposed Security Arrangement and approval under Regulation 24(5)

2.1 Proposed Security arrangement

- a. As part of the financing arrangements established for funding the Proposed Acquisition, shares of Organon may be required to be pledged, charged or otherwise encumbered in favour of the lenders, security trustee, collateral agent or other secured parties in connection with the acquisition financing facilities. The proposed security may extend, directly or indirectly, to up to 100% of the issued and outstanding share capital of Organon and is a customary credit support arrangement for financing transactions of this nature and scale.
- b. The proposed security is intended solely to secure the acquisition financing facilities obtained for funding the Proposed Acquisition, and any refinancing, replacement, extension, amendment or renewal thereof, together with the related interest, fees, costs, expenses and other payment obligations arising under the relevant financing documents.

- c. Security over shares of the acquired business is a customary feature of acquisition financing transactions of this nature and scale and forms an important component of the credit support package required by lenders for providing committed financing on commercially acceptable terms.
- d. The proposed security arrangement does not entail any immediate transfer, sale, divestment or dilution of the Company's direct or indirect economic interest in Organon and is intended solely to support the financing structure established for completion of the Proposed Acquisition.

2.2 Regulatory requirement and approval sought

- a. Upon completion of the Proposed Acquisition, Organon is expected to become an indirect subsidiary of the Company. Having regard to the scale of Organon's operations and financial profile, Organon and/or one or more intermediary holding entities through which Organon is held may, during the tenure of the acquisition financing, qualify as a material subsidiary of the Company under the SEBI Listing Regulations.
- b. Regulation 24(5) of the SEBI Listing Regulations requires prior approval of Shareholders by way of a special resolution for disposal of shares in a material subsidiary resulting in the listed entity, either by itself or together with its subsidiaries, reducing its shareholding to 50% or less or otherwise ceasing to exercise control over such subsidiary, save as specifically exempted under the said Regulation.
- c. While Regulation 24(5) is primarily directed at dispositions of shareholding in material subsidiaries, the Company has, as a matter of abundant caution and governance best practice, considered it appropriate to seek prior shareholder approval in relation to the creation of the proposed acquisition financing security because enforcement of such security, upon the occurrence and continuation of an event of default, could potentially result in a transfer or disposal of some or all of the pledged shares.
- d. The approval sought under the proposed Special Resolution is therefore intended to authorise the creation, maintenance and, where legally enforceable in accordance with the applicable financing documents, the enforcement-related transfer or disposal of the pledged shares, if and to the extent required pursuant to the acquisition financing arrangements and applicable law.
- e. Advance shareholder approval is considered necessary because the proposed security package forms an integral component of the financing arrangements supporting the Proposed Acquisition. Obtaining a separate shareholder approval after the occurrence of a potential enforcement event may not be practicable or commercially feasible and could adversely affect the ability of the Company and its subsidiaries to access or maintain committed financing.
- f. The approval is specific to the acquisition financing arrangements relating to the Proposed Acquisition and any refinancing, replacement, extension, amendment or renewal thereof, and shall not be construed as a general authority to undertake any voluntary divestment or reduction of the Company's shareholding or control in Organon or any other subsidiary.

2.3 Risks and Governance Safeguards

- a. The Board considers the proposed security to be commercially justified in view of the strategic significance of the Proposed Acquisition and the requirement to secure acquisition financing of substantial size on acceptable commercial terms. The Board further notes that the financing proceeds are intended to be utilised for funding the Proposed Acquisition and related transaction purposes and not for any promoter financing, unrelated third-party obligations or non-acquisition purposes.

- b. The risks associated with the financing and related security arrangements are expected to be managed through prudent capital structure planning, ongoing liquidity management, monitoring of material financing covenants, periodic assessment of leverage and debt servicing capacity, and continued oversight of the relevant acquisition holding entities and Organon group entities.
- c. Any material change in the nature of the acquisition financing structure, any material increase in the financing quantum beyond the limits approved by the Board and disclosed to Shareholders, or any material expansion of the scope of the security package beyond what is contemplated in this Notice, shall be evaluated separately and the approvals required under applicable law shall be obtained, wherever applicable.
- d. The presently contemplated security relates to shares of Organon and does not presently involve a sale, disposal or leasing of Organon's operating assets. The applicability of Regulation 24(6) of the SEBI Listing Regulations, and any other approval requirements, shall be evaluated separately if the final financing structure contemplates security over, or disposal of, any material assets of Organon.

3. Board Assessment, Governance, Interest and Recommendation

- 3.1 In considering Item Nos. 4 to 7, the Board evaluated the strategic rationale for the Proposed Acquisition, the anticipated acquisition, financing and integration requirements, available internal resources, proposed debt financing arrangements, existing approved limits and available headroom, liquidity, leverage, projected cash flows, repayment capacity, credit profile and the Company's continuing business requirements.
- 3.2 The Board further considered the principal risks associated with the proposed authorities, including additional borrowings, investments and financial support to subsidiaries, issuance of guarantees, creation of security over the Company's assets, pledging of Organon shares and the potential loss of ownership or control of Organon upon enforcement of such security.
- 3.3 The Board noted that each transaction undertaken within the proposed limits will be evaluated separately having regard to its purpose, commercial rationale, amount and nature of exposure, pricing, currency, tenure, repayment terms, expected benefits, available security and contractual protections, and its impact on the Company's cash flows, liquidity and leverage.
- 3.4 The authorities proposed under Item Nos. 4 to 6 shall remain valid for a period of five years from the date of declaration of the Postal Ballot results, unless renewed, modified or superseded earlier by the Shareholders.
- 3.5 Having considered the expected strategic benefits of the Proposed Acquisition, the anticipated financing and integration requirements, the Company's financial position, the associated risks and the safeguards described above, the Board concluded that the proposed enhancement of the limits under Section 186 of the Companies Act, 2013 to INR 800 Billion (Indian Rupees Eight Hundred Billion only), enhancement of the borrowing limit to INR 700 Billion (Indian Rupees Seven Hundred Billion only), corresponding authority to create security up to INR 700 Billion (Indian Rupees Seven Hundred Billion only) and prospective approval for an enforcement-related transfer or disposal of pledged Organon shares are necessary and proportionate to provide the financial and operational flexibility required for the Proposed Acquisition, the integration of Organon and the Company's other legitimate business requirements.
- 3.6 The approval sought under Part B is intended to enable the Company to create security in connection with borrowings and financing arrangements undertaken by the Company and/or its subsidiaries for legitimate business purposes, including the Proposed Acquisition of Organon and related funding requirements. The Board does not intend to utilise the authority sought under this resolution for creating security in respect of borrowings or obligations of any promoter, member of the promoter group, promoter-controlled entity, associate company or unrelated third party. Any security created pursuant to the authority granted

by the Shareholders will be subject to the Company's internal governance and approval framework and will be undertaken only where the Board considers the same to be in the interests of the Company and its stakeholders.

- 3.7 The Board accordingly recommends the Special Resolutions set out at Item Nos. 4 to 7 for approval by the Shareholders.
- 3.8 None of the Directors, Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 4 to 7, except to the extent of their respective shareholding, if any, in the Company.

Please [click here](#) for the resolutions.

Disclosures pursuant to the SBEB Regulations

Sr. No.	Prescribed disclosure	Disclosure or relevant clause of Part A
1	Brief description of ESOP 2026	Clause 1.1
2	Total number of Options to be granted	Clause 2.2
3	Classes of employees entitled to participate	Clause 2.1 and Clause 2.5
4	Appraisal process for determining employee eligibility	Clause 2.1
5	Requirements and period of vesting	Clause 2.2
6	Maximum vesting period	Clause 2.2
7	Performance conditions	Clause 2.2
8	Exercise Price or pricing formula	Clause 2.3
9	Exercise Period and exercise process	Clause 2.3
10	Maximum Options per employee and in aggregate	Clause 2.1 and Clause 2.2
11	Maximum quantum of benefits per employee	Clause 2.3 and Clause 3.3
12	Implementation directly or through a Trust	Clause 3.1
13	New issue or secondary acquisition	Clause 1.1 , Clause 3.1 and Clause 3.2
14	Loan for implementation, tenure, utilisation and repayment	Clause 3.2
15	Maximum Limit of secondary acquisition	Clause 1.1
16	Lock-in period, if any	Clause 2.3
17	Accounting treatment	Clause 3.4
18	Method of valuation of Options	Clause 3.4
19	Treatment upon cessation of employment	Clause 2.4
20	Voting rights in respect of Shares held by the Trust	Clause 3.1 and Clause 3.3
21	Variation, amendment or repricing	Clause 3.4
22	Corporate-action adjustments including Buy-back	Clause 3.4
23	Transferability of Options	Clause 2.4
24	Equity dilution	Clause 3.1
25	Administration and supervision	Clause 1.1 and Clause 3.1
26	Trust and Trustee particulars	Clause 3.3
27	Secretarial Auditor's certificate	Clause 3.4

Please [click here](#) for the index.

STATUTORY NOTES

1. This Notice is being sent only in electronic form to those Shareholders whose e-mail addresses are registered with the Company/Registrar and Transfer Agent (“RTA”). Accordingly, a physical copy of the Notice is not being sent to the Shareholders. The approval or otherwise of the Shareholders is being sought only through remote e-voting.²
2. The Company has availed of the services of MUFG Intime India Private Limited (“MUFG”) for E-voting purpose. Shareholders are requested to read the instructions for voting through electronic means/Procedure for E-voting by clicking [here](#).
3. This Notice and Explanatory Statement with requisite enclosure(s) has also been made available on the website of the Company, i.e., www.sunpharma.com and on the website of the E-voting agency viz. MUFG, at : <https://instavote.linkintime.co.in/>.
4. Shareholders whose names appear on the Register of Shareholders/List of Beneficial Owners as of **Friday, 25 September 2026** (‘Cut-off date’) will be entitled to cast their vote(s). The voting rights of Shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the Cut-off date fixed for the purpose.
5. The voting period begins on **Friday, 02 October 2026, at 09:00 A.M. and ends on Saturday, 31 October 2026, at 05:00 P.M.** All dates and times mentioned herein are as per Indian Standard Time (“IST”). The E-voting module shall be disabled by the E-voting agency. During the E-voting Period, Shareholders may cast their e-vote remotely by using the login method as applicable to them.
6. Mr. Chintan Goswami, and failing him, Mr. Alpesh Panchal, Partners of KJB & Co. LLP, Practicing Company Secretaries, are appointed as the Scrutinizer.
7. After the electronic votes are scrutinized, the Scrutinizer will submit his report to the Chairman/ Company Secretary or any other authorised personnel of the Company. The voting results will be announced on or before **Tuesday, 03 November 2026**. The said results shall be placed on the company’s website at www.sunpharma.com and on MUFG at <https://instavote.linkintime.co.in/>, National Stock Exchange of India Limited, and BSE Limited.
8. Demat account holders can cast their votes using a single login credential through their demat accounts or the websites of the Depositories/Depository Participants, without the need for separate registration with the e-voting agency.
9. Individual Shareholders holding securities in demat mode may vote through their demat accounts maintained with the Depositories and Depository Participants. Shareholders are advised to keep their mobile number and e-mail address updated in their demat accounts for seamless access to the e-voting facility.

² General Circular No. 03/2025 dated 22 September 2025 issued by the Ministry of Corporate Affairs and applicable SEBI Listing Regulations.

E-VOTING INSTRUCTIONS

Shareholder category	Voting pathway
Individual Shareholders holding shares in demat mode with CDSL	Step 1: Login through the CDSL platform or your demat account. Step 2: Locate “Sun Pharmaceutical Industries Limited”. Step 3: Select “E-Voting” / relevant EVENT. Step 4: Cast your vote and submit.
Individual Shareholders holding shares in demat mode with NSDL	Step 1: Login through the NSDL platform or your demat account. Step 2: Click “Access to E-voting”. Step 3: Select “Sun Pharmaceutical Industries Limited”. Step 4: Cast your vote and submit.
Non-individual Shareholders and physical Shareholders	Step 1: Visit the applicable E-voting portal. Step 2: Login using applicable credentials. Step 3: Upload Board Resolution / Authority Letter / POA, wherever applicable, or email the documents to secretarial@sunpharma.com for scrutiny verification. Step 4: Cast your vote and submit.
Detailed guidelines for logging in the E-voting system are available at the website of the Company at https://sunpharma.com/evoting-instructions/ .	

Helpdesk	Contact Details
RTA address	MUFG Intime India Private Limited Unit: Sun Pharmaceutical Industries Limited C-101, Embassy 247, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Maharashtra Email: Investor.helpdesk@in.mpms.mufg.com Portal: https://swayam.in.mpms.mufg.com Website: https://web.in.mpms.mufg.com/helpdesk/Service_Request.html
CDSL	helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
NSDL	evoting@nsdl.co.in or call at: 022 - 4886 7000
MUFG	INSTAVOTE helpdesk at enotices@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000, Contact person: Mr. Rajiv Ranjan email id: rajiv.ranjan@in.mpms.mufg.com
Company Secretarial Team	secretarial@sunpharma.com

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