

Haleos Labs Limited

(Formerly known as "SMS Lifesciences India Limited")

Policy for determining Material Subsidiaries

Introduction

The Board of Directors of Haleos Labs Limited ("**Company**") has adopted this policy and procedures with regard to the determination of Material Subsidiaries and disclosure thereof as required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) including any amendments thereof.

The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing of/ leasing of assets of such subsidiaries by the Company.

Definitions

- ✚ "**Act**" means the Companies Act 2013 as may be amended from time to time.
- ✚ "**Board of Directors**" or "**Board**" means the Board of Directors of the Company, as constituted from time to time.
- ✚ "**Independent Director**" means a director of the Company, not being an Executive Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 & the Listing Regulations.
- ✚ "**Net worth**" means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- ✚ "**Turnover**" for the purpose of this Policy shall mean the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a financial year.
- ✚ "**Subsidiary**" means a subsidiary as defined under the Act and Rules made thereunder.

- ✚ **“Significant Transaction or Arrangement”** implies any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues / expenses / assets / liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

**any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 & SEBI Listing Regulations or any other applicable law or regulation.

Material Subsidiary

Based on the audited annual consolidated financial statements of the Company and the audited financial statements of its subsidiary(ies) for the immediately preceding accounting year, a subsidiary of the Company shall be treated as a 'material subsidiary' if:

- ✚ The turnover of such subsidiary exceeds 10% (ten percent) of the consolidated turnover of the Company and its subsidiaries; or
- ✚ The net worth of such subsidiary exceeds 10% (ten percent) of the consolidated net worth of the Company and its subsidiaries.

Note - earlier in place of “turnover” the term used was “Income”, accordingly, going forward “Other Income” shall not be considered for computation of applicability of material subsidiary, pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated 12th December, 2024.

Restriction regarding Material Subsidiary

The Company, without passing a **special resolution** in its General Meeting / Postal Ballot, **shall not:-**

- ✚ dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- ✚ dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- ✚ sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

Note - Sell, dispose or lease shall not require prior approval of shareholders by way of special resolution if the transactions is between two wholly-owned subsidiaries of the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated 12th December, 2024.

Corporate Governance Compliances

- ✚ At least **1 (one) Independent Director** on the Board of the Company shall be a Director on the Board of the unlisted material subsidiary.

Note - for the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- ✚ The Management shall periodically bring to the attention of the Board of Directors of the Company, a **statement of all significant transactions** and arrangements entered into by the unlisted subsidiary.
- ✚ The Audit Committee of the Company shall also **review the financial statements**, in particular, Utilization of loans and/ or advances from/investment in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower.
- ✚ The **minutes of the Board meetings of the unlisted subsidiary** shall be placed at the Board meeting of the Company.
- ✚ Every material subsidiary incorporated in India shall **undertake Secretarial Audit** as referred in the Companies Act, 2013 by a Secretarial Auditor who shall be Peer Reviewed Company Secretary and the Secretarial Audit Report shall be annexed with the annual report of the Company.

Note - Secretarial Auditor of Material Subsidiary has to be appointed for 2 (two) consecutive term of 5 (five) years each pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated 12th December, 2024.

Reporting & Disclosure

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

This policy was originally adopted on 28th May, 2022 and amended pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated 12th December, 2024, by the Board of Directors at its meeting held on 29th May, 2025 as per the recommendation of Audit Committee.

(Only the name of the Company has been updated pursuant to name change of the Company)
