

## POLICY FOR DETERMINING MATERIALITY OF SUBSIDIARIES

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”) requires a company to formulate a policy to determine its material subsidiaries (the “**Policy**”).

The Board of Directors of the Company has adopted the following Policy and procedures with regard to determination of material subsidiaries in line with the requirements of the Regulation 16 and Regulation 24 of the SEBI Listing Regulations.

### 1. OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

### 2. DEFINITIONS

“**Audit Committee**” means the Audit Committee of the Board constituted by the Board of Directors of the Company, from time to time.

“**Board of Directors**” or “**Board**” means the board of directors of the Company, as constituted from time to time.

“**Company**” means Laurus Labs Limited.

“**Independent Director**” means a director of the Company, as defined under the Companies Act, 2013 and who also fulfils the criteria of independence as stipulated under Clause 16(1)(b) of the SEBI Listing Regulations.

“**Policy**” means the policy on material subsidiaries.

“**Significant Transaction or Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed ten per cent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” means a subsidiary as defined under the Companies Act, 2013 and the rules made there under.



### 3. POLICY

A subsidiary shall be considered as “Material Subsidiary” if –

the income or net worth of such Subsidiary exceeds ten percent (10%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

Provided that for the purpose of Regulation 24 of SEBI (LODR) Regulations, 2015, as amended from time to time, Material Subsidiary means, a Subsidiary whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

A list of such Material Subsidiaries shall be presented to the Audit Committee annually for its noting.

### 4. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY

- At least one Independent Director on the Board of the Company shall be a director on the Board of Directors of an unlisted Material Subsidiary of the Company, incorporated in India, as required under Regulation 24 of SEBI (LODR) Regulations, 2015.
- The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary, on a quarterly basis.
- The minutes of the meetings of the Board of Directors of the unlisted subsidiary company shall be placed at the Board meetings of the Company. The management of the unlisted subsidiary shall periodically bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

The Company, without passing a special resolution in its general meeting, shall not dispose off shares in the Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease to exercise control over the Material Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.





Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court / Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

### **Listed subsidiary**

If the Company at any time has a listed subsidiary which is itself a holding company, the provisions of the SEBI Listing Regulations shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

### **Secretarial Audit Report**

Every unlisted Material Subsidiary of the Company incorporated in India shall undertake secretarial audit and shall annex with the annual report of the Company, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.

## **5. AMENDMENTS**

The Board may, subject to applicable laws, amend or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee. The Board may also formulate further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

## **6. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulations / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of the SEBI Listing Regulations / the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **7. DISCLOSURES AND REVIEW**

The Policy for determining Material Subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report. The Policy will be reviewed on an annual basis or as and when warranted due to regulatory requirements.

**DATE :** March 6, 2019

