



Marksans Pharma Ltd.

Policy for determining Material Subsidiary

Objective:

The Board of Directors of Marksans Pharma Limited (the Company) has adopted the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The objective of this policy is to determine & identify its Material subsidiaries and to provide the governance framework for such subsidiaries of the Company.

Definition:

“Company” means Marksans Pharma Limited.

“Subsidiary” means a Subsidiary Company as defined under 2(87) of the Companies Act, 2013.

“Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 10% percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues, or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary Company for the immediately preceding accounting year.

“Net Worth” means net worth as defined under Section 2(57) of the Companies Act, 2013

Policy & Procedures:

1. At least one Independent Director of the Company shall be a director on the board of the unlisted material subsidiary whether incorporated in India or not. For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
2. The minutes of the board meetings of the unlisted subsidiary shall be placed before the board of directors of the Company on regular basis.
3. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.



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4. Financial statements of subsidiaries, in particular, the investments made by the unlisted subsidiary of the Company shall be periodically reviewed by the Audit Committee of the Company.
5. The Audit Committee shall review the utilization of loans and/ or advances from/investment in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
6. Any transaction between the Company and its subsidiary shall be entered into in accordance with the policy on dealing with related party transactions of the Company

Disposal of Material Subsidiaries

1. The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting / postal ballot.
2. The Company shall not sell, dispose of or lease out assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year without prior approval of shareholders by way of special resolution.

Provided that the provisions of point 1 & 2 shall not be applicable if the divestment or sale or disposal or 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.

Interpretation and Amendment

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the latter shall prevail. The policy shall be uploaded on the website of the Company. The Board shall have the power to amend the policy or replace the policy entirely with a new policy.
