



PANACEA BIOTEC LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Approved by: Board of Directors
Date of approval: August 01, 2014

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Summary of Versions

Version	Approved by	Date of Approval	Effective Date
1.1	Board of Directors	01.08.2014	01.10.2014
1.2	Chairman of the Board of Directors	28.01.2016	28.01.2016
1.3	Board of Directors	14.02.2019	01.04.2019

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PANACEA BIOTEC LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Preamble and Objective

The Board of Directors of Panacea Biotec Limited (hereinafter referred to as “the Company”) has, in pursuance of erstwhile Clause 49 of the Listing Agreement entered with the Stock Exchanges at which securities of the Company are listed and now as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments / amendments thereof), adopted this policy for laying down a criterion for determining “Material Subsidiaries” and their governance.

This Policy is intended to augment and work in conjunction with the regulatory provisions and other company policies from time to time.

2. Definitions

- 2.1 **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year as per the audited financial statements.
- 2.2 **“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;
- 2.3 **“Policy”** means this Policy for determining Material Subsidiaries.
- 2.4 **“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 for the immediately preceding accounting year.

2.5 “**Subsidiary**” as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder, in relation to any other company (that is to say the holding company), means a company in which the holding company –

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation - For the purposes of this clause, —

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) above is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression “company” includes any body corporate;
- (d) “layer” in relation to a holding company means its subsidiary or subsidiaries.

2.6 “**Total Voting Power**”, in relation to any matter, means the total number of votes which may be cast in regard to that matter on a poll at a meeting of a company if all the members thereof or their proxies having a right to vote on that matter are present at the meeting and cast their votes.

2.7 “**Unlisted Material Subsidiary**” shall mean an unlisted subsidiary, whether incorporated in India or not, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year as per the audited financial statements.

The words and expressions used in this Policy unless defined hereunder shall have the meaning assigned to them respectively in the Companies Act, 2013 and rules made

thereunder, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956 or the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any statutory modification or re-enactment thereof, as the case may be. The headings, titles, and captions contained in this Policy are merely for reference and do not define, limit, extend, or describe the scope of this Policy or any provision herein. Unless the context requires otherwise, (a) the gender (or lack of gender) of all words used in this Policy includes the masculine, feminine, and neuter, and (b) the word "including" means "including, without limitation".

3. Criteria for determining the Material Subsidiaries

- 3.1 A Subsidiary shall be regarded as a Material Subsidiary for a financial year if it falls under the definition as provided in clause 2.1 of this Policy.¹
- 3.2 The Audit Committee shall review on annual basis such details / information as may be required to determine the 'Material Subsidiaries'.

4. Governance of Material Subsidiaries

- 4.1 On the recommendation of management, at least one Independent Director on the Board of Directors of the Company shall be appointed on the Board of an Unlisted Material Subsidiary.

For the purposes of this clause, notwithstanding anything to the contrary contained in clause 2.1 of this Policy, 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 as per the audited financial statements.

- 4.2 The Audit Committee of the Company shall review the financial statements of each unlisted Subsidiary including Material Subsidiary, in particular, the investments made by such unlisted subsidiary on a regular basis.
- 4.3 The minutes of the Board Meetings of the unlisted subsidiary(ies) shall be periodically placed before the Board of Directors of the Company.

¹ Presently, Radhika Heights Limited is an Unlisted Material Subsidiary of the Company, incorporated in India, as its net worth exceeded 10% of the consolidated net worth of the Company.

4.4 A statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary(ies) shall be periodically placed before the Board of Directors of the Company.

5. Disposal of shares or assets of Material Subsidiary

5.1 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 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 and Bankruptcy Code, 2016 (“Insolvency Code”) and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5.2 The Company shall not sell, dispose and lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year unless it obtains prior approval of shareholders of the Company by way of special resolution, except in cases where the 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.

6. Disclosures by the Company

This Policy shall be disclosed on the Company's website and such web link shall also be provided in the Annual Report.

7. General

The Policy was duly approved by the Board of Directors in its meeting held on August 01, 2014.

Any subsequent amendment/modification in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and/or the Companies Act, 2013 and other

applicable laws in this regard shall automatically apply to this Policy and this Policy shall stand amended/ modified accordingly.

The Chairman, Managing Director & Joint Managing Director of the Company are severally authorized to approve the amended Policy to give effect to any changes/amendments in the Companies Act, 2013 and/or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as the case may be notified by Ministry of Corporate Affairs or SEBI from time to time.

The Board shall periodically review this Policy and shall also have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at companysec@panaceabiotec.com

Approved by
For and on behalf of Board

Sd/-
Mr. Soshil Kumar Jain
Chairman

Place: New Delhi
Date: 14.02.2019