

## Policy for Determining Material Subsidiaries

### **Title:**

This Policy shall be called 'Policy for determining Material Subsidiaries'.

### **Commencement:**

This Policy came into effect from 1st October 2014 pursuant to Clause 49 of Listing Agreement. The Board amended this policy to ensure effective governance of Material Subsidiaries of the Company.

### **Objective:**

- a. This Policy is framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and is intended to ensure governance of material subsidiary companies.
- b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

### **Definitions:**

- a. **"Board"** means the Board of Directors of Glenmark Pharmaceuticals Limited.
- b. **"Company"** means Glenmark Pharmaceuticals Limited.
- c. **"Policy"** means this Policy, as amended from time to time.
- d. **"Material Subsidiary(ies)"**

A subsidiary shall be considered as material if:

income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- e. A **"Material Non-listed Indian Subsidiary (ies)"** shall mean an unlisted subsidiary of the Company, incorporated in India, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- f. **"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 maybe, of the unlisted subsidiary for the immediately preceding accounting year.
- g. **"Net worth"** shall be as defined under Section 2(57) of the Companies Act, 2013.

### **Policy:**

- a. The Company shall in each financial year review the list of Material Subsidiaries (including non-listed) for any inclusions/ additions/ deletions.
- b. The review referred to in a. above shall be carried out by the Board at their meeting in which the financial results for the immediately concluded financial year are placed for its consideration and approval.
- c. The management will place before the Board at each of its meeting referred to in b. above, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- d. The audit committee of the Company shall review the financial statements, in particular the investments made by the unlisted subsidiary company.
- e. The minutes of the meetings of the Board of Directors/ Shareholders of all the subsidiaries whether material or not would be placed before Board at its meetings.

- f. Disposal of shares of the Material Subsidiary that would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50% or tend to cease the control over the subsidiary would require the prior approval of the shareholders of the Company by way of a special resolution except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal. Therefore, neither Board nor any committee of the Board or any officer of the Company will approve any sale or disposal of shares or enter into any contract or arrangement or make any commitment binding the Company for sale or disposal of the shares or cessation of control of any material subsidiary to less than 50%, without getting the prior consent of the shareholders.
- g. Neither the Board, nor any committee of the Board nor any officer of the Company will approve any 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 without seeking the prior approval of the shareholders by way of a special resolution, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a court/tribunal.
- h. The Company shall ensure that the board of directors of each Material Unlisted Indian Subsidiary consists of at least one of the Company's independent directors. (For this purpose, "Material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year).
- i. Material unlisted subsidiary incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report given by a company secretary in practice.

**Amendments:**

The Board shall 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, subject to the same being in compliance with Listing Regulations. Any amendments to the Listing Regulations shall mutatis mutandi be deemed to have been incorporated in this Policy.

**Interpretation:**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.