

**CAPLIN POINT LABORATORIES LIMITED POLICY ON MATERIAL
SUBSIDIARIES**

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1) PREAMBLE

Caplin Point Laboratories Limited ("**Caplin**" or "**Company**") is governed by the rules and regulations framed by Securities Exchange Board of India ("**SEBI**"). Regulation 16(1)(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**Listing Regulations**") requires all listed companies to formulate a policy for determining 'material subsidiaries.

The Board of Directors (the "**Board**") of the Company has therefore adopted the following policy and procedures for determining 'material' subsidiary companies ("**Policy**")

This Policy will be used to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

2) DEFINITIONS

"**Act**" - means Companies Act, 2013 and includes the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time

"**Audit Committee**" means the committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

"**Independent Director**" means a director of the Company, not being a whole time 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 Act and the Listing Regulations.

"**Material Subsidiary**" shall mean a subsidiary, 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.

"**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.

"**Subsidiary**" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 and the rules made thereunder.

"**Unlisted Subsidiary**" means subsidiary whose securities are not listed on any recognized Stock Exchanges.

Words and expressions used in this Policy, unless defined above, shall have meaning respectively assigned to them under the Act, Listing Regulations and / or any other applicable rule, regulations as the context may require

3) POLICY AND PROCEDURE

- i. Compliance Officer shall determine the list of material subsidiaries every year based on the parameters specified under the Listing Regulations and shall place the same before the Audit Committee at the first meeting of the Audit Committee held in the subsequent financial year.
- ii. As part of the review of the Company's quarterly financial results/ annual financial statements, the Audit Committee shall review the results/financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
- iii. The minutes of meetings of the Board of all Unlisted Subsidiaries, shall be placed at the Board meeting of the Company at the subsequent Board meeting of the Company held after the respective Subsidiary's Board meeting.
- iv. Board of Directors of the Company shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company. Where such transactions are covered under the Related Party Transactions as per Listing Regulations, the same shall be subject to approval of the Audit Committee.
- v. The Board shall ensure that at least one Independent Director of the Company is a director on the board of the unlisted Material Subsidiary whether incorporated in India or not. This clause shall not be applicable where the host country regulations of the unlisted Material Subsidiary does not provide for Board governance structure. . In case of cessation of an Independent Director from the Board of the Company, who has been appointed in the Board of a material subsidiary, the material subsidiary shall appoint an Independent Director who serves on the Board of the Company, within three months from the date of cessation.
- vi. Here, the term "material subsidiary" shall mean a subsidiary, whether incorporated in India or abroad, 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.
- vii. The Company, without the prior approval of the members by Special Resolution, shall not:
 - a) dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - b) ceases the exercise of control over the material subsidiary; or
 - c) sell, dispose or lease of the assets amounting to more than 20% of the assets of the

material subsidiary

The requirement to take prior approval of members by Special Resolution shall not apply if any of the transaction covered from vii (a) vii (c) is carried out 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 if the recognized stock exchanges were informed about the approval of the resolution plan within one day of the resolution plan being approved

4) DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

5) LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Last Updated on 27th May 2023.