



Divi's Laboratories Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PREAMBLE

The Board of Directors (the "Board") of Divi's Laboratories Limited (the "Company") has adopted the following policy regarding determination of Material Subsidiaries. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective 1 October 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

Policy is revised pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. PURPOSE

This Policy is framed in accordance with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) and is intended to ensure governance of material subsidiary companies.

3. DEFINITIONS

"Board" means the Board of Directors of the Company.

"Company" means Divi's Laboratories Limited.

"Material subsidiary" shall mean a subsidiary whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Policy" means this Policy, as amended from time to time.

"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 material unlisted subsidiary for the immediately preceding financial year.

"Subsidiary" shall mean a subsidiary as defined under the Companies Act, 2013.



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4. POLICY

4.1. A subsidiary shall be a Material Subsidiary -

a) If the investment of the Company in the subsidiary exceeds ten percent of its consolidated net worth as per the audited balance sheet of the previous financial year; or

b) If the subsidiary has generated ten percent of the consolidated income of the Company during the previous financial year

4.2. At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed subsidiary company.

4.3. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.

4.4. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

4.5. The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Subsidiary.

4.6. The Company, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall not:

a) Dispose shares in the Material Subsidiary that reduces its 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



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- c) Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during an accounting year;

Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court / Tribunal.

5. DISCLOSURE

The Company shall disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

6. 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.

The Policy was last reviewed on 10 August, 2019 by the Board.

7. 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.
