



Makers Laboratories Limited

POLICY ON MATERIAL SUBSIDIARIES

I. Introduction

The Board of Directors (the "Board") of Makers Laboratories Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below.

The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective September 30, 2020. This Policy is in terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'LODR Regulations').

II. Policy Objective

This Policy is framed and adopted to determine the "Material Subsidiary(ies) of the Company" and to provide the Governance Framework for such Subsidiary(ies). In determining whether or not a subsidiary of the Company is or has become a material subsidiary, the Company shall be guided by and follow this Policy and the applicable provisions of the LODR Regulations. Where there is a conflict between this Policy and the LODR Regulations, the provisions of the LODR Regulations shall prevail in making such determination.

III. Definitions

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time under the provisions of the Companies Act, 2013 and Regulation 18 of the LODR Regulations.

"Board of Directors" or "Board" means the Board of Directors of Makers Laboratories Limited, as constituted from time to time.

"Company" means a company incorporated under the Companies Act, 2013 or under any previous company law.

"Financial Year" means the period ending on the 31st day of March every year, and where a Company has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year, in respect whereof financial statement of the company or body corporate is made up.

“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 Companies Act, 2013 and LODR Regulations, as amended from time to time.

“Material Subsidiary” shall have the meaning as defined in Regulation 16(1)(c) of the LODR Regulations, pursuant to which a material subsidiary means a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“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;

“Policy” means Policy on Material Subsidiary.

“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 financial year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

IV. Policy

1. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a. whose income exceeds **10%** of the consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or
 - b. whose net worth exceeds **10%** of the consolidated net worth, of the Company and its subsidiaries in the immediately preceding accounting year.
2. One Independent Director of the Company shall be a director on the Board of the material subsidiary, if any.

3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the subsidiary Company on an annual basis.
4. The minutes of the Board Meetings of the Subsidiary Companies shall be placed before the Board of the Company on a quarterly basis.
5. The management shall on quarterly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the Subsidiary Company.
6. The management of the subsidiary 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 Indian subsidiary.

V. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than or equals to 50%;
or
- b) ceases the exercise of control over the Subsidiary; or
- c) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary

In cases where such divestment/ 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, no such special resolution of the shareholders will be required to be passed.

VI. Secretarial Audit Report:

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity.

VII. Amendment

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.

VIII. Disclosures

The Company shall disclose this Policy on its website www.makerslabs.com. The necessary disclosure, if any, about the policy will also be made as per the requirements of LODR Regulations and the Companies Act, 2013.