



Dishman Carbogen Amcis®

DISHMAN CARBOGEN AMCIS LIMITED

[Formerly Carbogen Amcis (India) Limited]

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

Policy adopted on 17th March, 2017

Modified/Revised on 23rd January, 2019

Modification/Revision effective from 1st April, 2019

BACKGROUND & APPLICABILITY

This Policy is formed as per requirement of Regulation 16 (1)(c) of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 (Listing Regulations).

The Company is required to implement a 'Policy for determining Material Subsidiaries' (the Policy), framed under Regulation 16 and in accordance with Regulation 24. Additionally, it also provides for certain criteria and compliances with respect to such subsidiaries.

PURPOSE

- To seek necessary approvals of the Board/Shareholders as may be necessary, after providing necessary information to them in the prescribed manner.
- To outline the procedures for identification, review, approval, disclosure and reporting of such transactions.
- Requirement of Independent Director in certain Material unlisted Subsidiaries
- Restriction on disposal of shares of Material subsidiary by the Company
- Restriction on transfer of assets of Material subsidiary and
- Disclosure requirements based on listing Regulations.
- and any other laws and regulations as may be applicable to the Company.

OBJECTIVE

“**Dishman Carbogen Amcis Limited**” (“the Company”) has adopted this Policy on Material Subsidiaries (the “Policy”) to set forth the procedure for determination of the Material Subsidiaries, Material Non-listed Subsidiaries and to provide governance framework for such subsidiaries.

The Policy shall be effective from 17th March, 2017 and revised on 23rd January, 2019.

DEFINITIONS & INTERPRETATIONS

In this Policy, unless the context otherwise requires:

- (a) “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (b) “**Board**” shall mean the Board of Directors of “Dishman Carbogen Amcis Ltd.”
- (c) “**Company**” means “Dishman Carbogen Amcis Ltd.”
- (d) “**Holding Company**” means Holding Company as defined under Section 2(46) of the Act.

- (e) “**Control**” for this purpose has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (f) “**Independent Director**” shall mean a director of the Company who satisfies the criteria laid down under the Companies Act, 2013 read with Regulation 16(1)(b) of Listing Regulation as amended from time to time.
- (g) “**Net worth**” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.
- (h) “**Significant transaction or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of any of the following:
- (i) total revenues; or
 - (ii) total expenses; or
 - (iii) total assets; or
 - (iv) total liabilities,
- as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.
- (i) “**Subsidiary Company / Subsidiary**” means Subsidiary company/subsidiary as defined under section 2(87) of the Act and the rules made thereunder.
- (j) “**Policy**” means this policy on Material subsidiaries and as may be amended from time to time.

Any word used in this policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Listing Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company. In case of any dispute or differences between this Policy and provisions of Act / Listing Regulations, the later shall apply.

DETERMINATION CRITERIA

Subsidiary	A Company shall be considered as Subsidiary if it falls within the criteria defined under Section 2(87) of the Act. Where a listed holding company has an listed subsidiary which is itself a holding company, the provisions of the Listing Regulations shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
Material Subsidiary	A subsidiary shall be considered as “material” subsidiary if a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
Unlisted material subsidiary	For the purpose of appointment of an Independent Director on the Board of an unlisted material subsidiary of the Company - A subsidiary shall be considered as “unlisted material subsidiary” if it is an unlisted subsidiary, whether incorporated in India or not and whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Company shall, at the end of every quarter, determine whether each of its subsidiary falls under the criteria for Material Subsidiary and Unlisted material Subsidiaries defined above. In case any of the subsidiaries falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARIES

1. Restriction on Disposal of Shares of a Material Subsidiary

The Company shall not dispose of shares in its Material Subsidiary which would reduce 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

2. Restriction on Transfer of Assets of a Material Subsidiary

The Company shall not Sell, dispose and lease assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year without obtaining prior approval of shareholders by way of special resolution unless 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.

COMPLIANCES WITH RESPECT TO UNLISTED MATERIAL SUBSIDIARIES

1. Independent Director on the Board of Unlisted Material Subsidiary

At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of an Unlisted Material subsidiary company whether incorporated in India or not.

COMPLIANCES WITH RESPECT TO UNLISTED SUBSIDIARIES

1. The audit committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
2. The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.

3. Significant Transaction and Arrangement

The management of the Company shall, every quarter, bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements, if any entered into by any Unlisted Subsidiary company.

COMPLIANCES BY LISTED SUBSIDIARIES

1. Where Company has a listed subsidiary (whose shares are listed on any Indian Stock Exchange), which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

COMPLIANCES BY MATERIAL UNLISTED SUBSIDIARIES INCORPORATED IN INDIA

1. Secretarial Audit

The Company and its material unlisted subsidiaries incorporated in India, if any, shall undertake secretarial audit and shall annex with Company's annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.

SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION/ DISCLOSURE OF POLICY

As prescribed under Regulation 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website www.dishmangroup.com and a web link thereto shall be provided in the Annual Report.

REVIEW AND AMENDMENT

- (a) The Board of Directors shall have the powers to review or amend any of the provisions of this Policy, substitute any of the provisions with new provisions or replace this Policy entirely with a new Policy.
- (b) 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.