



PANACEA BIOTEC LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Version: 1)

Approved by:
Board of Directors in their meeting held on 1.8.2014

Effective Date:
October 1, 2014

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Policy for Determining Material Subsidiaries

1. Preamble and Objective

The Board of Directors of Panacea Biotec Limited (hereinafter referred to as ("the Company")) has, in pursuance of revised Clause 49 of the Listing Agreement entered with the Stock exchanges at which securities of the Company are listed and other applicable provisions (including any statutory enactments / amendments thereof), adopted this policy for laying down a criterion for determining "Material Subsidiaries" and their governance.

This Policy is intended to augment and work in conjunction with the regulatory provisions and other company policies from time to time.

2. Definitions:

2.1 Policy means this Policy for determining Material Subsidiaries.

2.2 "Material Subsidiary" means a subsidiary Company in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited financial statement of the previous financial year or if the subsidiary has generated twenty per cent or more of the consolidated income of the Company during the previous financial year as per the audited financial statements.

2.3 "Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year as per the audited financial statements.

2.4 "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 accounting year depending upon the nature of transactions in the following manner:-

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, service or property;
- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the company.

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- 2.5 "Subsidiary" as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder, in relation to any other company (that is to say the holding company), means a company in which the holding company—
- (i) Controls the composition of the Board of Directors; or
 - (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Explanation.—For the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) above is of another subsidiary company of the holding company;
- (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression "company" includes any body corporate, and

For this purpose, "Total Share Capital" means the aggregate of the -

- (a) paid-up equity share capital; and
- (b) convertible preference share capital;

- 2.6 The words and expressions used in this Policy unless defined hereunder shall have the meaning assigned to them respectively in the Companies Act, 2013 and rules made thereunder, Listing Agreement, SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956 or the SEBI (Issue of Capital and Disclosure Requirements) Regulations or any statutory modification or re-enactment thereof, as the case may be. The headings, titles, and captions contained in this Policy are merely for reference and do not define, limit, extend, or describe the scope of this Policy or any provision herein. Unless the context requires otherwise, (a) the gender (or lack of gender) of all words used in this Policy includes the masculine, feminine, and neuter, and (b) the word "including" means "including, without limitation..

3. Criteria for determining the Material Subsidiaries:

- 3.1 A subsidiary shall be regarded as a Material Subsidiary for a financial year if it falls under the definition provided in clause 2.2 of this Policy.
- 3.2 The Audit Committee shall review on annual basis such details / information as may be required to determine the 'Material Subsidiaries'.

Pratik Kumar

4. Governance of Material subsidiaries:

- 4.1 On the recommendation of management, an Independent Director of the Company shall be appointed on the Board of the material non-listed Indian Subsidiary Company.
- 4.2 The Audit Committee shall review the financial statements of each unlisted Subsidiary including material subsidiary, in particular, the investments made by such unlisted subsidiary on a regular basis.
- 4.3 The minutes of the Board Meetings of the unlisted Subsidiary Company shall be periodically placed before the Board.
- 4.4 A statement of all significant transactions and arrangements entered into by the unlisted subsidiary company shall be periodically placed before the Board & the Audit Committee.

5. Disposal of shares or assets of Material Subsidiary Company

- 5.1 Disposal of shares of material subsidiary, by the Company 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 shall require a special resolution in its General Meeting. The approval of shareholders shall not be required in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- 5.2 Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court / Tribunal.

6. Disclosures by the Company

This Policy shall be disclosed on the Company's website and such web link shall also be provided in the Annual Report.

7. General

The Policy has been duly approved by the Board of Directors in its meeting held on August 1, 2014 and may be amended by the Board at any time.

Any subsequent amendment/modification in the listing agreement and/or the Act and other applicable laws in this regard shall automatically apply to this Policy and this Policy shall stand amended/ modified accordingly.


Sohit Kumar Jain

The Chairman, Managing Director & Joint Managing Director (JMD) of the Company are severally authorized to approve the amended Policy to give effect to any changes/amendments in the Act and/or Listing Agreement as the case may be notified by Ministry of Corporate Affairs or SEBI w.r.t. Related Party Transactions from time to time.

The Board shall on the recommendation of the Audit Committee periodically review this Policy and shall also 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 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.

Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at companysec@panaceabiotec.com

Approved By



**Mr. Sushil Kumar Jain
Chairman**