

MOREPEN LABORATORIES LIMITED

CIN: L24231HP1984PLC006028

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

OBJECTIVE

The objective of the **Policy for Determining Material Subsidiaries** (the “Policy”) is to determine the Material Subsidiaries of **Morepen Laboratories Limited** (the “Company”) in pursuant to Regulation 16 and 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to provide the governance framework for such subsidiaries.

DEFINITIONS

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Board of Directors**” or “Board” means the Board of Directors of Morepen Laboratories Limited, as constituted from time to time.

“**Independent Director**” means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Policy**” means Policy for determining Material Subsidiary.

“**Material Subsidiary**” shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**Significant Transaction or Arrangement**” means 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**” shall mean a subsidiary as defined under the Companies Act, 2013.

POLICY

- 1) At least one Independent Director of the Company shall be a director on the Board of the Material Unlisted Subsidiary Company.

For the purpose of this Clause, any material subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, shall be considered.

- 2) The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
- 3) The Minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of the Company on a quarterly basis.
- 4) The management of the unlisted subsidiary shall on a 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 unlisted subsidiary.
- 5) The Company, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed under Regulation 24 of SEBI (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 or equal to 50%; or
 - b) Ceases the exercise of control over the Material Subsidiary; or
 - 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.

Provided further that if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company then the requirement of obtaining prior approval of the members by special resolution shall not be applicable.
- 6) Every unlisted Material Subsidiary incorporated in India shall undertake a secretarial audit and the company shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

DISCLOSURE

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

MISCELLANEOUS

The Board of Directors of the Company has adopted the Policy and procedure with regard to determining Material Subsidiaries as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board, subject to applicable laws, is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the 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.

Latest Amended February 06, 2025