

ALEMBIC PHARMACEUTICALS LIMITED

POLICY ON MATERIAL SUBSIDIARIES

Preamble:

Securities Exchange Board of India (SEBI) through the Listing Agreement (including any statutory enactments / amendments thereof) requires all listed companies to formulate a policy for determining 'material subsidiaries'.

The Board of Directors (the "Board") of Alembic Pharmaceuticals Limited (the "Company"), has, therefore, adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy. The Policy was approved and adopted by the Board at its meeting held on 20th October, 2014.

Objective:

To determine the Material Subsidiaries of Alembic Pharmaceuticals Limited and to provide the governance framework for such subsidiaries.

Effective:

This Policy will be effective from 1 October 2014.

Definitions:

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and The Companies Act, 2013.

"Board of Director" or "Board" means the Board of Directors of Alembic Pharmaceuticals Limited, as constituted from time to time.

"Company" means Alembic Pharmaceuticals Limited.

"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 the Listing Agreement with the Stock Exchanges.

"Policy" means Policy on Material Subsidiary.

"Material non-listed Indian subsidiary" means 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.

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

“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 material unlisted subsidiary for the immediately preceding accounting year.

Policy:

- a. A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.
- b. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- c. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- d. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company. The management shall periodically (Atleast annually) 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 company.
- e. 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 Indian Subsidiary.
- f. The Company, without the prior approval of the members by Special Resolution, shall not:
 - dispose the shares held in material subsidiaries which would reduce the Company’s shareholding (either on its own or together with other subsidiaries) to less than 50%; or
 - ceases the exercise of control over the material subsidiary; or
 - sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary, on an aggregate basis during a financial year.

Disclosure of this Policy:

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company (www.alembic-india.com) and a web link thereto shall be provided in the Annual Report of the Company.

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.

Details of Amendments to the Policy					
Sr. No.	Date	Clause No.	Brief About Change	Remarks	Version of Policy