

# ZYDUS WELLNESS LIMITED

## Policy for determining material subsidiaries

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<b>Reviewer</b>	<b>Audit Committee</b>
<b>Approver</b>	<b>Board of Directors</b>

# Policy for determining material subsidiaries

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## 1. Purpose and Scope:

This Policy for determining ‘Material Subsidiary Companies’ has been framed in compliance with the provisions of clause 49(V) (D) of the Listing Agreement.

The Policy will be a guidance to determine the material subsidiary Company as and when applicable which will govern the framework of such subsidiary Company.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

## 2. Identification of ‘Material subsidiary’ and actions to be taken:

- I. At least one Independent Director on the Board of Directors of holding Company shall be appointed as a Director on the Board of a material non-listed Indian Subsidiary Company.

For this purpose, the material non-listed Indian subsidiary Company mean;

- a. the investment of the Company, whether current or prospective, in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the respective previous financial year, **OR**
- b. if the subsidiary has generated 20 per cent of the consolidated income of the company during the previous financial year.

At present, the Company does not have any non-listed material Indian subsidiary Company, which has more than the investments of the Company in the subsidiary exceeding 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or 20 per cent contribution of income in consolidated financial statements

of the previous year.

- II[a] The minutes of the Board meetings of the unlisted subsidiary Companies shall be placed at the Board meeting of the listed holding Company.
- II[b] The management should periodically bring to the attention of the Board of Directors of the listed holding Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.

For the purpose of II[b] above, the term significant transaction or arrangement shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary of the previous accounting year.

None of the unlisted subsidiary has any individual transaction or arrangement in excess of 10% of total revenues or total expenses or total assets or total liabilities.

- III. A subsidiary shall be considered as material for the purpose of selling, disposing and leasing of assets amounting to more than 20 per cent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of the shareholders of the listed holding Company by way of special resolution, unless the shares / disposal / lease is made under a Scheme of Arrangement duly approved by a Court / Tribunal.

### **3. Governance framework:**

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- ii. The minutes of the Board Meetings of the unlisted Subsidiary Companies shall be placed before the Board of the Company.
- iii. The management shall on quarterly basis bring to the attention of the Board of Directors of the Company, a statement showing significant transactions or arrangements entered into by the unlisted subsidiary Company as per clause 2[II][b] of this policy.

- iv. One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary Company as and when applicable as per clause 2[l] of this policy.

#### **4. Policy Review:**

In the circumstance any amendments are made in the provisions of the Companies Act, 2013 or clause 49 of the Listing Agreement or any other regulation[s], which prescribe any provisions in this policy inconsistent with the Act or regulations, then the provisions of the respective Act or regulation[s] shall prevail over this policy and the provisions in the policy shall be modified at an appropriate time.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

This Policy is dated 9<sup>th</sup> February, 2015.

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