Policy for Determining Material Subsidiary

Zota Health Care Limited

1. Purpose:

Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Regulations”] requires every listed company to have a policy for determining material subsidiary.

2. Scope:

This policy shall be used to determine the Material Subsidiaries of the Company and to provide the corporate governance framework as mentioned in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for such subsidiaries.

3. Identification of Material Subsidiary:

A subsidiary shall be considered as material if income or net worth exceeds twenty percent of the consolidated income or net worth respectively as per the last audited balance sheet of the Company.

Unlisted material subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediate preceding financial year.

4. Corporate Governance Framework of Material Subsidiary:

(i) One independent director the Company shall be a director on the Board of Material Unlisted Subsidiary Company.
For appointment of director material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

(ii) The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.

(iii) The minutes of the Board Meeting of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

(iv) The management of the Unlisted Subsidiary shall periodically bring into the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company. Here, significant transactions and arrangement shall mean any individual transaction or arrangement that is likely to exceed ten percent of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

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5. Disposal of Material Subsidiary:

The Company shall not:

(I) Dispose of shares in its material subsidiary resulting of the shareholding to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in General Meeting except in cases where such divestment is made under a scheme arrangement duly approved by a Court/Tribunal.

(II) 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 by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. Policy Review:

This policy shall subject to change based on modification or alteration in regulatory framework.