

# **SHILPA MEDICARE LIMITED**

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584135

**POLICY ON DETERMINING MATERIAL SUBSIDIARIES**

## **SHILPA MEDICARE LIMITED (SHILPA)**

### **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**

#### 1. Preamble and Applicability

The policy is framed by the Company pursuant to Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to ensure compliance with the applicable provisions of the Listing Agreement. This amended policy has come into effect from 2nd December, 2015.

#### 2. Definitions

- (i) “Act” means Companies Act, 2013 including any statutory modification or re-enactment thereof
- (ii) “Subsidiary Company” as defined under clause 2(87) of the Act
- (iii) “Holding Company” as defined under clause 2(46) of the Act
- (iv) “Shilpa” means **SHILPA MEDICARE LIMITED**
- (v) The term “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 10% of the consolidated income or net worth respectively, of Shilpa and its subsidiaries in the immediately preceding accounting year.
- (vi) The term “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 immediately preceding accounting year.

3. Basis of Determining Material Subsidiary. This Policy lays down the basis of determining Material Subsidiaries of Shilpa and related issues as specified in the provisions of Regulation 16(c) of SEBI (LODR) Regulations, 2015. A Subsidiary shall be considered as material if its income or net worth exceeds 10% of the consolidated income or net worth respectively, of Shilpa and its subsidiaries in the immediately preceding accounting year.

Provided, for the purpose of appointing one Independent Director on the BOD of the material subsidiary, ‘material subsidiary’ shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of Shilpa and its subsidiaries during the immediately preceding accounting year.

#### 4. Policy & Procedure

- a) At least one independent director on the Board of Directors of Shilpa, the Holding Company, will be appointed as a director on the Board of Directors of a material non-listed Indian subsidiary Company, as and when applicable.

- b) Shilpa will not dispose of shares in its material subsidiary which would reduce Shilpa shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting (except in cases where such divestment is made under a Scheme of Arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved u/s 31 of the IBC,2016 and such event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.)
- c) Prior approval of the Shareholders of Shilpa by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than 20% of the material subsidiary on an aggregate basis during the financial year (exception being if the sale/ disposal/lease is made under a Scheme of Arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved u/s 31 of the IBC,2016 and such event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- d) Minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of Shilpa.
- e) The management of Shilpa should periodically bring to the attention of the Board of Directors of Shilpa, a statement of all significant transactions and arrangements entered into by a material unlisted subsidiary company.
  - f) All the contracts/ arrangements entered with subsidiaries by Shilpa will be referred to in the Board's report to the shareholders.

## 5. Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc., on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant 3 authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## 6. Interpretation

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, SEBI (LODR) 2015 or any other relevant legislation / law applicable to the Company.

## 7. Disclosures(s)

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and also in the Annual Report. Furthermore all the related party transactions shall be disclosed in the Annual Report of the Company.

This Policy will be communicated to all operational employees and other concerned persons of the Company.