



VLCC Health Care Limited

POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)

Base Document:

- *Regulation 16(c) of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
- *Regulation 24 of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

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Policy for determining Material Subsidiaries approved and adopted by the Board of Directors on 31st May 2021

1. Preface:

The Securities and Exchange Board of India (SEBI), on 2nd September 2015 notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time complying all the mandates of varied SEBI Regulations / Circulars.

In terms of Regulation 16(c) of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to frame and implement policy to determine '*Material Subsidiaries*' of the Company and to provide governance framework for such subsidiaries.

2. Definitions:

'Audit Committee' means the Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

"Policy" means this Policy for determining Material Subsidiaries.

'Board of Directors' or 'Board' means the Board of Directors of VLCC Health Care Limited, as constituted from time to time.

"Company" means VLCC Health Care Limited.

"Control" shall have the same meaning as assigned to it under SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 (as amended).

"Independent Director" means Director of the Company, not being Whole-Time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 read with Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

'Subsidiary Company' or 'Subsidiary' in relation to any other Company (that is to say the holding Company), as defined under Section 2(87) of the Companies Act, 2013, means a Company in which the holding Company –

- i. Controls the Composition of the Board of Directors; or
- ii. Exercises or Controls more than one-half of the total voting power either at its own or together with one or more of its Subsidiary Companies.

'Material Subsidiary' as defined under regulation 16(1)(c) Listing Obligations and Disclosure Requirements) Regulations, 2015 shall mean a Subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its Subsidiaries in the

immediately preceding accounting year.

‘Significant Transaction or Arrangement’ as defined under Regulation 24(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediate preceding accounting year.

“Insolvency Code” means Insolvency Code as defined under Regulation 2(1)(na) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Unlisted Material Subsidiary” means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.

“Unlisted Subsidiary” means a Subsidiary whose equity shares are not listed on any recognized Stock Exchange(s).

Any other term not defined herein shall have same meaning as defined in the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

3. Governance Framework with respect to subsidiary of the Listed Entity:

A ‘Subsidiary’ shall be considered ‘Material Subsidiary’ if its income or net worth exceeds 10% of the consolidated income or net worth respectively of the Company and its Subsidiaries in the immediately preceding accounting year.

At least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted Material Subsidiary, incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose income or net worth **exceeds 20% of the consolidated income or net worth** respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

The 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 the Company.

The Management of the Unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary.

4. Restriction on Disposal of Shares of Material Subsidiary by the Company:

The Company shall not dispose of Shares in its Material Subsidiary resulting in reduction of its 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 under Section 31 of the Insolvency Code and such an event is disclosed to the recognized Stock Exchanges within one day of the Resolution Plan being approved.

5. Restriction on Disposal of Assets of Material Subsidiary by the Company:

The Company shall not sell, dispose off and lease assets amounting to more than 20% 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 or under a Resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized Stock Exchanges within one day of the Resolution Plan being approved.

6. Disclosure:

As defined under Regulation 46(2) (h) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall disseminate the policy for determining 'Material Subsidiary' on its website and a web link thereto shall be provided in the Annual Report of the Company.

7. Amendments:

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this policy and to ensure governance of Material Subsidiary Companies.

8. Scope and Limitations:

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.