



Zydus Wellness Limited

## Policy for determining material subsidiaries

**Policy versions**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Board approval date</b>	<b>Effective from</b>
1.	Initial adoption	February 9, 2015	February 9, 2015
2.	First Revision	February 6, 2019	February 6, 2019
3.	Second Revision	October 28, 2021	October 28, 2021
4.	Third Revision	February 1, 2025	February 1, 2025

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**1. Purpose and Scope:**

This Policy for determining ‘Material Subsidiary Companies’ (“the **Policy**”) has been framed in compliance with the provisions of regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“the **Listing Regulations**”).

The Policy will be a guide 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 Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“the **Act**”) 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. Material Subsidiary shall mean a subsidiary of the Company which meets the criteria as prescribed under regulation 16(1)(c) of the Listing Regulations, as may be amended and applicable to the Company, from time to time.
- II. At least one Independent Director on the Board of Directors of the Company shall be appointed as a Director on the Board of an unlisted material subsidiary whether incorporated in India or not.

For clause II, the material subsidiary company shall mean a subsidiary, which meets the criteria as prescribed in the explanation to sub-regulation (1) of regulation 24 of the Listing Regulations.

- II[a] The minutes of the Board meetings of the unlisted subsidiary companies shall be placed at the Board meeting of the Company.
- II[b] The management should periodically bring to the attention of the Board of the 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 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. 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 or equal to fifty percent or cease the exercise of control over the subsidiary without passing a

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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.

- IV. 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 of the Company 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.

Nothing contained in clause IV shall be applicable if such sale, disposal or lease of assets is between two wholly owned-owned subsidiaries of the Company.

- V. Material subsidiary shall undertake their respective Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and the Secretarial Audit Report shall be with the Annual Report Report of the Company.

“Secretarial Auditor” and “Peer Reviewed Company Secretary” shall have the same meaning as defined in the explanation of regulation 24A(1)(a) of the Listing Regulations, as may be amended and applicable from time to time.

- VI. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- VII. The management shall on quarterly basis bring to the attention of the Board 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.
- VIII. The Company Secretary shall, on annual basis, in consultation with the Chief Financial Officer, identify the material subsidiaries, based on the audited financial statements of all the subsidiary companies of the Company. The list of material subsidiaries shall be placed before the Audit Committee of the Company for their review on an annual basis.
- IX. Audit Committee of the Company shall review the utilization of loans and / or advances from / investment in the subsidiary exceeding Rs. 100 crores or 10% of the asset size of the subsidiary company, whichever is lower.

### **3. Policy Review:**

In the circumstance any amendments are made in the provisions of the Act or the Listing Regulations 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.

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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. However, the Company Secretary and Chief Financial Officer are jointly authorized to provide clarifications or to amend the Policy to give effect to any changes / amendments notified by the SEBI. Consequently, the policy shall be placed before Audit Committee for review and the Board for noting and ratification.

This Policy shall be placed on the website of the Company and a link of the same shall be provided in the Annual Report.

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