

Paras Healthcare Limited

Policy for determining Material Subsidiaries¹

¹ Approved by the Board of Directors in their meeting held on July 22, 2024

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. INTRODUCTION:

The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the provisions of Regulation 16 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”).

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under Listing Regulations 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.

This Policy shall come into force from the date of listing of the securities of the Company on recognized stock exchanges.

II. DEFINITIONS

- **“Act”** means the Companies Act, 2013, and the rules, regulations, notifications and circulars made/issued thereunder, as amended, from time to time.
- **“Audit Committee”** means the committee constituted by the Board of the Company under applicable provisions of the Act and the Listing Regulations.
- **“Control”** shall have the same meaning ascribed to such term under the Act and the Securities and Exchange Board of India (Substantial Acquisitions and Takeovers) Regulations, 2011, as amended from time to time.
- **“Independent Director”** or **“ID”** shall have the same meaning ascribed to such term in the Act and the Listing Regulations.
- **“Insolvency Code”** shall mean The Insolvency and Bankruptcy Code of 2016.
- **“Listing Regulations”** mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment(s) or modification(s) or circular(s) or notification(s) thereof made thereunder.

- **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company.
- **“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
- **“Subsidiary”** shall have the same meaning ascribed to such term under the Act and the Listing Regulations.
- **“Unlisted Subsidiary”** means a Subsidiary of the Company whose shares are not listed on any recognized stock exchange in India.

III. GOVERNANCE FRAMEWORK

- a. The Audit Committee of Board of the Company shall review the financial statements the investments made by the unlisted subsidiary Company.
- b. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- c. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company
- d. At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary whether incorporated in India or not. For the purposes of this requirement, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- e. The management of the Company shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the unlisted material subsidiary.

IV. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- a. 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 50% (fifty percent) 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.
- b. sell, dispose of and lease assets amounting to more than 20% (twenty percent) of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

V. DISCLOSURE OF POLICY

This policy shall be disclosed on the Company's website and such web link shall also be provided in the Annual Report.

VI. REVIEW, LIMITATION AND AMENDMENT

The Board of Directors shall review this Policy as may be deemed necessary and in accordance with any regulatory amendments.

In the event of any conflict between the Act and Listing Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy.

Any subsequent amendment/modification in the Regulations, in this regard shall automatically apply to this policy.