



Policy on Material Subsidiaries

PURPOSE

Vivimed Labs Limited (“Vivimed” or “Company”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI, in its circulars dated April 17, 2014 and September 15, 2014, revised Clause 49 of the Listing Agreement and introduced new regulatory requirements for material subsidiary companies.

The Board of Directors (the “Board”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“Policy”) in accordance with the provisions of Clause 49(V)(D) of the Listing Agreement.

This Policy will be used to determine the Material Subsidiaries and Material Non-listed Subsidiary 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 the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

OBJECTIVE

The objective of this policy is to regulate the investments of Company in material subsidiaries and oversee the functioning of such subsidiaries based on the laws and regulations applicable on the Company.

DEFINITIONS

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Clause 49 of the Listing Agreement.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Agreement.



“Material Subsidiary” shall mean a Subsidiary in which the investment of the Company exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

“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 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“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 the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Act and the rules made thereunder.

“Unlisted Subsidiary” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

POLICY & PROCEDURE

The Board of the Company shall adopt the following policy and procedures with regard to Subsidiaries of the Company:

1. At least one independent director on the Board of the Company shall be a director on the Board of Directors of a Material Non-Listed Indian Subsidiary Company.
2. The Audit Committee of the Company shall also review the financial statements of Subsidiaries, in particular, the investments made by the unlisted Subsidiary of the Company.
3. The minutes of the Board meetings of the unlisted Subsidiary company shall be placed at the Board meeting of the Company on an half yearly basis.
4. The management of the Company 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 non-listed subsidiary Company.



5. The Company shall not dispose of shares in its Material Subsidiary, which would reduce 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 Court/Tribunal.
6. 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.

DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Agreement. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

LIMITATION AND AMENDMENT

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