



Zeal & Innovation in Medicine

ZIM Laboratories Limited

**POLICY ON DETERMINATION OF
MATERIAL SUBSIDIARIES**



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1. Introduction

The Board of Directors (the “Board”) of ZIM Laboratories Limited. (the “Company”) have adopted the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 The Board may review and amend this policy from time to time.

2. Purpose

The purpose of this policy is to determine material subsidiaries of the Company and to provide governance framework for such subsidiaries of the Company.

3. Applicability and governing law

This policy will be applicable to the Company with effect from the date of listing of the Company. This Policy on Material Subsidiaries shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as SEBI Regulations, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

“**Material Subsidiary**” shall means a subsidiary whose income or networth exceeds ten percent of the consolidated income or networth respectively, of the listed entity and its subsidiary in the immediately preceding accounting year.

“**Subsidiary Company or subsidiary**” shall be as defined under the Companies Act, 2013 and the Rules made thereunder. The Companies Act, 2013 defines the term “Subsidiary Company” or “Subsidiary” in relation to any other company (that is to say the holding company), 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:

Explanation. - For the purposes of this clause,—

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

ZIM LABORATORIES LIMITED

www.zimlab.in | info@zimlab.in | CIN : L99999MH1984PLC032172

Works : B-21/22, MIDC Area, Kalmeshwar – 441 501 Dist. Nagpur
Maharashtra, India. Ph. + 91.718.271370 | Fax : +091.7118.271470

Regd. Office : Sadoday Gyan, Nelson Square, Chhindwara Road,
Nagpur – 440013. Maharashtra, India. Ph. +091.712.2588070



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- b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c) the expression "company" includes anybody corporate;
- d) Layer in relation to the holding company means its subsidiary or subsidiaries.

5. Policy on Material Subsidiaries

At least one Independent Director on the Board of Directors of listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.

The Audit Committee of the listed entity shall also review the financial statements, in particular, the investment made by the unlisted subsidiary.

The minutes of the meeting of Board Meetings of the unlisted subsidiary, shall be placed at the meeting of the Board of Directors of the listed entity.

The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary.

6. Disclosures

This policy shall also be uploaded on the website of the Company at www.zimlab.com and a weblink thereto shall be provided in the Annual Report of the Company.

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