

ROSSARI BIOTECH LIMITED

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POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY

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1. INTRODUCTION

- The Board of Directors of Rossari Biotech Limited (“Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries (“Policy”).
- This Policy shall come into effect on November 29, 2019 and the same shall be hosted on the Company’s website at www.rossari.com.
- In the event of any conflict between the provisions of this Policy and the the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) or the Companies Act, 2013 (the “Act”) or any other statutory enactments or rules, the provisions of such Listing Regulations or the Act or any statutory enactments or rules, shall prevail over this Policy.

2. OBJECTIVE

The objective of this Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the Listing Regulations (including any amendments thereof).

3. DEFINITIONS

- “Act” means the Companies Act, 2013 as may be amended from time to time.
- “Audit Committee” or “Committee” means the audit committee constituted or re-constituted by the Board, as the case may be, as per the provisions of the Section 177 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- “Board” means the Board of Directors of the Company, as constituted from time to time.
- “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 Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- “Material Subsidiary” A subsidiary shall be considered as a “Material Subsidiary”, if its income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. For the purpose of appointment of Independent Director in the Board of unlisted subsidiary whether incorporated in India or not in terms of Regulation 24 of Listing Regulation, a subsidiary will be considered as material, if its income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- “Subsidiary” means a subsidiary as defined under the Companies Act and Rules made there under.

- “Unlisted Subsidiary” means a Subsidiary whose securities are not listed on any Stock Exchange.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

4. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its general meetings, shall not:

- a. dispose shares in the Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty percent) a.or cease the exercise of control over the subsidiary 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, in accordance with the Listing Regulations; or
- b. sell, dispose or lease the assets amounting to more than 20% (twenty percent) of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ 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, in accordance with the Listing Regulations..

5. REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY

- a. At least one Independent Director on the Board of the Company shall be a director on the Board of the Material Unlisted Subsidiary.
- b. The audit committee of the Company shall also review the financial statements, in particular, the investments made by the Material Unlisted Subsidiary.
- c. The minutes of the Board meetings of the Material Unlisted Subsidiary shall be placed at the Board meeting of the Company.
- d. The management shall periodically bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the Material Unlisted Subsidiary.
- e. For the purpose of this regulation, the term ‘significant transaction or arrangement’ shall means any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

6. AMENDMENTS

The Board may, subject to applicable laws, amend any provision(s), substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the audit committee. 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 Subsidiaries.
