



POLICY ON MATERIAL SUBSIDIARIES

INDEX

- 1. TITLE**
- 2. SCOPE**
- 3. DEFINITIONS**
- 4. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES**
- 5. GOVERNANCE FOR SUBSIDIARY COMPANIES**
- 6. REVIEW/AMENDMENTS**
- 7. DISCLOSURES**

1. TITLE

This Policy on Material Subsidiaries shall be called Chandan Healthcare Limited – Policy on Material Subsidiaries.

2. SCOPE

This Policy is framed, in accordance with the requirement of regulation 16 (1) (C) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter called as “Listing Regulations”) intended to identify the material subsidiary of the Company and to ensure governance of unlisted/ material subsidiary Companies.

3. DEFINITIONS

“**Audit Committee**” means the Audit Committee of the Board constituted by the Board of Directors of the Company in accordance with provisions of section 177 of the Companies Act, 2013 and regulation 18 of the Listing Regulations.

“**Board of Directors**” or “**Board**” means the Board of Directors of Chandan Healthcare Limited.

“**Company**” means Chandan Healthcare Limited.

Consolidated Income or Net worth means the total income or net worth of the Company and its subsidiaries.

“**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 the criteria for Independence under the Companies Act, 2013 and the Listing Regulations.

“**Policy**” means Policy on Material Subsidiaries.

“**Subsidiary**” means as defined under section 2 (87) of the Companies Act, 2013 and the rules made thereunder.

“**Significant transactions and arrangements**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% 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 year.

4. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES

4.1 A subsidiary shall be a material subsidiary for the financial year, if any of the following conditions are satisfied:

- a. the net worth of the subsidiary exceeds 10% of the consolidated net worth; or
- b. the subsidiary has generated 10% of the consolidated income.

Net worth or Income shall be as per the audited balance sheet of the previous financial year.

5. GOVERNANCE FOR SUBSIDIARY COMPANIES:

The Company shall follow the below-mentioned governance in case of unlisted/ material subsidiary Companies:

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

Note: For this clause “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively in the immediately preceding financial year.

5.2 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company every quarter.

5.3. The minutes of the Board Meetings of the unlisted subsidiary Company shall be placed before the Board of Directors of the Company periodically.

5.4. The Board of Directors of the Company shall review all significant transactions and arrangements entered into by the unlisted subsidiary company every quarter.

5.5. The Company, without the prior approval of the members by 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 Insolvency Code, shall not:

a. disposes of the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%; or

b. ceases the exercise of control over the material subsidiary; or

c. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

Provided that the Company discloses within one day to the stock exchanges, the resolution plan being approved under the Insolvency Code.

5.6. Any loan made by the Company to its subsidiary shall be utilized by the subsidiary company for its principal business activities.

5.7. Any loan made by a bank or financial institution to the subsidiary company, for which guarantee, or the security was provided by the Company, such loan shall be utilized by the subsidiary company for its principal business activities.

5.8. No loan shall be given by the Company to its subsidiary company at a rate of interest lower than the prevailing yield of one year, three years, five years or ten-year Government Security closest to the tenor of the loan.

6. REVIEW /AMENDMENTS

The Board shall review this policy at least once every two years and amend this Policy from time to time as it may deem fit and appropriate in line with the applicable Acts and regulations.

7. DISCLOSURES

This Policy for determining material subsidiaries is to be disclosed in the Annual Report of the Company, as per the provisions of laws in force. This policy shall also be uploaded on the website of the Company.

(Note: This Policy shall come into effect from 26th August, 2024.)