



**HESTER**

**Hester Biosciences Limited**

**Policy for  
Determining Material Subsidiaries**

**REGISTERED AND CORPORATE OFFICE**

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CIN: L99999GJ1987PLC022333

## 1. Title

This Policy shall be called "Policy for determining Material Subsidiaries" (Policy).

## 2. Objectives

This Policy is framed in order to meet the requirements of Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (including any amendments thereof) and is intended to ensure the governance of the Company's Material Subsidiary Companies.

The Board of Directors of the Company has formulated a policy for determining "Material Subsidiaries" to comply with the requirement of Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and amendments thereof, for such Material subsidiaries.

Pursuant to the Listing Agreement, the Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

## 3. Effective

The Policy is effective from 1 October 2014.

## 4. Definitions

- 1) **"Act"** means the Companies Act, 2013 including any statutory modifications or re-enactment thereof.
- 2) **"Board of Directors"** or **"Board"** means the Board of Directors of Hester Biosciences Limited; as constituted from time to time.
- 3) **"Company"** means Hester Biosciences Limited.
- 4) **"Holding Company"**, in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies.
- 5) **"Independent Director"** means an Independent Director referred to in sub-section (5) of Section 149 of the Act read with Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and as may be amended from time to time."
- 6) **"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 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.
- 7) **"Material Subsidiary"** shall a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.  
However, now, as per the amendment in Regulation 16(1)(c) "material subsidiary "shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- 8) **"Subsidiary Company"** means Subsidiary Company as defined under Section 2(87) of the Act and the rules made thereunder.

- 9) **“Significant transactions or arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of total revenues or total expense or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

## **5. Provision with regard to Subsidiary Companies**

- 1) The Audit Committee of the listed holding Company shall also review the financial statements, in particular the investments made by the unlisted subsidiary Company;
- 2) The minutes of the Board meetings of unlisted subsidiary company shall be placed at the Board meeting of the listed holding Company;
- 3) The Management shall periodically bring to the attention of the Board of Directors of the listed holding Company a statement of all significant transactions & arrangements entered into by the unlisted subsidiary Company;
- 4) The Company shall include particulars of subsidiary Companies in its annual return;
- 5) The Company shall also attach a statement along with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries.
- 6) The Company shall along with its financial statements to be filed with Registrar, attach the accounts of its Subsidiary or Subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- 7) The Company shall place separated audited accounts in respect of each of its subsidiary on its website, if any and shall provide the copy of such audited financial statements to any shareholders of the Company, who asks for its.

## **6. Provisions with regard to Material Non-listed Indian Subsidiary and Material Subsidiary Companies**

- 1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not;
- 2) The Company shall not 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 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.
- 3) The Company shall not sell, dispose & lease 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, 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.

## **7. Amendments**

The Board shall have power to amend any of the provisions of the Policy, substitute any of the provisions with new provisions or replace this policy entirely with a new policy.

## **8. Interpretations**

Any words used in the Policy but not defined herein shall have the same meaning attributed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and regulations made there under, Listing Agreement or any other relevant legislation/ law applicable to the Company.