

COMBAT DRUGS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. Preamble:

The new clause under Listing Agreement extends certain principles of corporate governance to material subsidiaries of listed companies.

The Board of Directors of Combat Drugs Limited (the “Company”) is obliged to formulate a policy for determining “material subsidiaries” to comply with the requirements of Clause 49 of the Listing Agreement. The Board may review and amend this policy from time to time.

This Policy shall come into force with effect from the date on which it is approved by the Board of Directors.

2. Definition:

- i. Audit Committee means the committee constituted by the Board of Directors of the Company under the provisions of the Companies Act, 2013.
- ii. “Board of Director” or “Board” means the Board of Directors of Combat Drugs Limited, as constituted from time to time.
- iii. “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 the Listing Agreement with the Stock Exchanges.
- iv. “Policy” means a policy on material subsidiary.
- v. “Subsidiary Company” shall be defined under the Companies Act 2013 and the Rules made thereunder.
- vi. The term “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.
- vii. The term “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 immediately preceding accounting year.

3. Basis of Determining Material Subsidiary

As per Clause 49 (V) of the Listing Agreement, a Subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per

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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.

On the basis of the above, the Company shall determine 'material subsidiary'.

4. Applicable compliance – material subsidiary

i. One Independent Director of the Company shall be a director on the Board of Directors of a Material Non-Listed Indian Subsidiary Company.

ii. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.

iii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company. The management should 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 unlisted subsidiary company.

iv. As per Clause 49(V)(F) of the Listing Agreement, 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 a Court/Tribunal.

v. As per Clause 49(V)(G) of the Listing Agreement, the Company shall require prior approval of shareholders by way of special resolution for selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

Disclosures:

The Policy for determining material subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

Note:

Where a listed holding Company has a listed subsidiary which is itself a holding Company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

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