

## Policy for determining 'Material' Subsidiaries

### 1. Objective and Scope:

This Policy for determining 'material' subsidiary has been framed in accordance with the provisions of Chapter IV of the SEBI ( Listing Obligations and Disclosure Requirements ) Regulations, 2015 ( Listing Regulations ) as enacted and effective from December 1, 2015.

The Policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules made thereunder, as amended, from time to time.

### 2. Identification of 'Material' subsidiary:

A subsidiary shall be considered as material if –

- a. the subsidiary has generated an income in excess of 20 per cent of the consolidated income of the Company and its subsidiaries during the preceding accounting year;
- b. the net worth of the subsidiary exceeds 20 per cent of the consolidated net worth of the Company and its subsidiaries during the preceding accounting year.

Unlisted Material Indian subsidiary shall mean a material subsidiary, incorporated in India, but is not listed on the stock exchanges.



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**3. Governance framework:**

- i. One Independent Director of the Company shall be a Director on the Board of the Material Unlisted Indian Subsidiary Company.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- iii. The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed at the meeting of the Board of Directors of Company.
- iv. The management of the Company shall 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.

Significant transactions or arrangements shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10 percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

**4. Disposal of Material Subsidiary:**

The Company shall not without obtaining the approval of its shareholders by way of a special resolution:

- a. 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 per cent in the subsidiary or cease to exercise control over the subsidiary or,
- b. sell, dispose off or lease assets of the material subsidiary amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year.

However, special resolution of the shareholders will not be required in cases where such divestment or sale/ disposal/ lease of the assets of the material subsidiary is made under a scheme of arrangement duly approved by a Court/Tribunal.





#### **5. Policy Review:**

This policy is framed pursuant to the provisions of the Listing Regulations and keeping in view the provisions of the Companies Act 2013 ( Act ) and Rules thereunder.

In case of any subsequent changes in the Listing Regulations or in the provisions of the Act or the Rules thereunder or any other law which makes any of the provisions of this Policy inconsistent with the Listing Regulations/ Act/ law, then the provisions of the Listing Regulations/ Act/ law would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with the law.

#### **6. Disclosure Requirements**

As required under the Listing Regulations, this Policy shall be posted on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

#### **7. Effective Date:**

This Policy shall come into effect from December 1, 2015.

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