

## **Policy on Material Subsidiaries**

### **I Scope & Applicability :**

- (1) Clause 49 (V) (D) of the revised Listing Agreement between Listed Companies and the Stock Exchanges, inter-alia, requires every Listed Company to formulate a Policy determining 'Material' Subsidiaries
- (2) Pursuant to Clause 49 (V) (D) of the Revised Listing Agreement this policy is formulated to identify 'Material Subsidiaries', to quantify significant transaction or arrangement with Subsidiaries, to detail the approval mechanism for transacting with subsidiaries, to list down reporting requirements and to act as a guide while transacting with Subsidiary companies
- (3) The provisions of this policy shall also apply to any listed subsidiary of the Company which is itself a holding company insofar as its subsidiaries are concerned

### **II Interpretation :**

- (1) For the purposes of this policy all terms which are not explained or defined in this policy shall have the meaning assigned to the subject term under the Companies Act, 2013 and rules made there under, including any past enactment thereof, Listing agreement with Stock Exchanges and Accounting Standards issued by Institute of Chartered Accountants of India
- (2) Words importing the singular shall, where the context admits or requires, include the plural and vice versa
- (3) Words importing the masculine gender shall also include the feminine and the neuter gender and vice versa, as applicable

### **III Material Subsidiary :**

**(1) Definition :**

A Subsidiary shall be considered as a “Material Subsidiary” if the investment of the Company in the Subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year (Pursuant to Clause 49 (V) (E))

**(2) Requirements :**

- (a) Consent of the Board of Directors and Shareholders of the Company shall be obtained by means of Special Resolution passed at its General Meeting for the following transactions :
  - (i) For disposing shares in Material Subsidiary which would reduce Company’s shareholding (either individually or together with other subsidiaries) to less than 50% or which would 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 (Pursuant to Clause 49 V F)
  - (ii) For selling, disposing and leasing of assets amounting to more than twenty percent 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 (Pursuant to Clause 49 V G)
- (b) Policy on Material Subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the Company’s Annual Report

#### IV **Material Indian Subsidiary Company and Unlisted Subsidiary Company** :

(1) **Definitions** :

- (a) A Company shall be considered as 'Material Indian Subsidiary' of the Company if it is Material Subsidiary pursuant to Clause III (1) of this policy and if it is registered in India under the Companies Act, 2013 including any past enactment thereof
- (b) A Company shall be considered as an Unlisted Subsidiary Company if it is Subsidiary of the Company pursuant to Section 2(87) of the Companies Act, 2013 and securities of which are not listed on any recognised Stock Exchanges in India

(2) **Requirements** :

- (a) At least one Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material Unlisted Indian Subsidiary Company (Pursuant to Clause 49 V A). Presently, the Company does not have any Material Non-Listed Indian Subsidiary company, however Company has a material Unlisted Offshore Subsidiary Company. Should there be any change in the present situation mandating Company's representation under this clause, the Company shall appoint one of its Independent Director on the Board of Directors of such material Unlisted Indian Subsidiary Company
- (b) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company (Pursuant to Clause 49 V B)
- (c) The Management shall present at the meeting of the Board of Directors for their information and noting, the Minutes of the Board Meetings of the Unlisted Subsidiary Company (Pursuant to Clause 49 V C)

**V Significant transaction or arrangement :**

**(1) Definitions :**

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 the immediately preceding accounting year

**(2) Requirements :**

The Management shall present at the meeting of the Board of Directors for their information and noting a Statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company (Pursuant to Clause 49 V C)

**VI Disclosure :**

Policy on Material Subsidiaries shall be disclosed on the Company's website and a web link thereto shall be provided in the Company's Annual Report

**VII Amendment :**

As the Policy is derived from the provisions of Clause 49 (V) of the Listing Agreement between Listed Companies and the Stock Exchanges read with Companies Act, 2013, provisions of this policy shall stand automatically revised to reflect any amendment to the Listing Agreement or Companies Act, 2013 from time to time

**VIII Conflict with Law :**

The Policy shall not contradict with the provisions of Companies Act, 2013 or the Listing agreement with Stock Exchanges, in case of any discrepancy, the provisions of Companies Act, 2013 or the Listing agreement with Stock Exchanges shall prevail over the provisions of this Policy