

## **Policy on Material Subsidiaries**

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

- (1) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“LODR”), inter-alia, requires every Listed Company to formulate a Policy determining ‘Material’ Subsidiaries
- (2) Pursuant to LODR 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 in so far 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, LODR 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

### **III Material Subsidiary :**

- (1) **Definition** : Pursuant to LODR a Subsidiary shall be considered as a “Material Subsidiary”, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year

(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 or equal to 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 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
  - (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 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
- (b) The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019
- (c) 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 Unlisted Subsidiary Company :**

**(1) Definition :**

- (a) A Company shall be considered as an ‘Unlisted Subsidiary Company’ if it is Subsidiary of the Company pursuant to the Companies Act, 2013 and securities of which are not listed on any recognised Stock Exchanges in India or abroad

**(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 an unlisted material subsidiary, whether incorporated in India or not

Explanation- For the purposes of this provision, notwithstanding anything here before, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.”

- (b) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company
- (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

#### **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 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
- 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 LODR read with Companies Act, 2013, provisions of this policy shall stand automatically revised to reflect any amendment to the LODR 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 LODR, in case of any discrepancy, the provisions of Companies Act, 2013 or the LODR shall prevail over the provisions of this Policy