

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Legal Framework and Background

Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires every Listed Company has to adopt policy and procedures for determining ‘material’ subsidiary.

Objective

To determine the Material Subsidiaries of the company and to provide the governance framework for such subsidiaries. 3. All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the SEBI’s LODR, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time

Definition

- a) “**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 (“**Act**”) and Regulation 18 of the SEBI LODR Regulations.
- b) “**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- c) “**Net Worth**” means net worth as defined under Section 2(57) of the Companies Act, 2013
- d) “**Subsidiary Company or Subsidiary**” means a subsidiary company as defined under 2(87) of the Companies Act, 2013. “**Subsidiaries**” to be interpreted accordingly.
- e) “**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 Act and the SEBI LODR Regulations.

- f) **“Material Subsidiary”** shall mean a subsidiary of the Company, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. **“Material Subsidiaries”** to be interpreted accordingly.
- g) **“Unlisted Subsidiary”** means subsidiary of the Company whose securities are not listed on any recognized stock exchanges in India. **“Unlisted Subsidiaries”** to be interpreted accordingly.
- h) **“Material Unlisted Subsidiary”** shall mean an Unlisted Subsidiary, whether incorporated in India or not, whose turnover or net worth exceeds Ten percent (10%) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- i) **“Turnover”** means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.

The terms and expressions used but not defined herein shall have the same meaning as assigned to those terms under the SEBI LODR Regulations, the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956 or any other Applicable Laws or regulations, as the case may be.

Policy

- i. A subsidiary shall be a Material Subsidiary, if income or net worth of the subsidiary exceeds ten percent of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.
- ii. 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. Explanation – For the purposes of this provision, 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 listed entity and its subsidiaries in the immediately preceding accounting year.
- iii. The audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.
- iv. The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- v. The Management shall periodically bring to the attention of the Board of Director of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary Company.

Disposal of Material Subsidiary

The Company shall not:

- i. 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.
- ii. 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 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.

Amendment or Review

The Board reserves the right to amend, modify, or review this Policy, in whole or in part, at any time, as may be deemed necessary.

In the event of any amendment(s), clarification(s), circular(s), or notification(s) issued by the relevant authorities that are inconsistent with the provisions of this Policy, such amendment(s), clarification(s), circular(s), or notification(s) shall prevail over the provisions of this Policy. Accordingly, this Policy shall stand amended from the effective date specified by such authorities.