



## **Policy For Determining Materiality of Subsidiaries**

### **Purpose**

This Policy for Material Subsidiaries (the Policy) is framed in accordance with the requirements stated under Clause 49 of the Listing Agreement with Stock Exchange(s) (Listing Agreement) and other laws as applicable from time to time and is intended to ensure governance of Material Subsidiary Companies of the Company.

### **Identification of 'Material' subsidiary:**

A subsidiary shall be considered as material if –

- a. the investment of the Company, whether current or prospective, in the a subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b. if the a subsidiary has generated 20 per cent of the consolidated income of the company during the previous financial year.

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 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

### **Compliances**

#### **Independent Director on the Board of Material Non Listed Indian Subsidiary**

At least One (1) Independent Director on the Board of the Company shall be a Director on the Board of a Material Non Listed Indian Subsidiary.

#### **Significant Transactions/Arrangements of Unlisted Subsidiary Companies**

The management shall periodically submit to the Board of Directors, a statement of all Significant Transactions and Arrangements entered into by Unlisted Material Subsidiary (ies) where "*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*".

#### **Restriction on Disposal of Shares of Material Subsidiary by the Company**

The Company shall not dispose off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent [50%] or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is under a scheme of arrangement duly approved by a court/ tribunal.

### **Restriction on Disposal of Assets of Material Subsidiary**

Selling, disposing and leasing of assets amounting to more than twenty percent [20%] 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.

### **Governance Framework**

- c) Minutes of the Board meetings of all Subsidiary Companies shall be placed before the Board of Directors of the Company on quarterly basis;
- b) A statement of all significant transactions and arrangements entered into by the material Subsidiary Companies during the quarter shall be brought to the attention of the Audit Committee of the Company on quarterly basis;
- c) The Audit Committee of Company shall review the financial statements, in particular, the investments made by the unlisted material Subsidiary Company on an annual basis;

### **Disclosures:**

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

### **Review of the Policy**

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.

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