

POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

LEGAL FRAMEWORK

Regulation 16 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)], requires a listed Company to frame a Policy for determination of “material subsidiary” (“Policy”). This Policy is required to be hosted on the website of the Company and the web link of the same is to be disclosed in the Section “Corporate Governance Report” of the Annual Report of the Company.

PURPOSE OF THE POLICY

This Policy has been framed to determine the Material Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

DEFINITIONS

“Act” means the Companies Act, 2013 and Rules prescribed thereunder, including any statutory amendment(s) or modification(s) thereof.

“Audit Committee” means the Audit Committee of the Board composed under Section 177 of the Act read with applicable Rules and SEBI (LODR).

“Consolidated Income” means the total income of the Company and its Subsidiaries.

“Holding Company” in relation to one or more other companies, means a Company of which such companies are Subsidiary companies.

“Independent Director” means an Independent Director referred to in Section 149(6) of the Act and SEBI (LODR).

“Material Subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“Net Worth” shall mean the net worth as computed based on the last audited financial statements of the Company.

“Subsidiary” in relation to a holding Company means a Company in which the holding Company:

- i) controls the composition of the Board of Directors; or
- ii) exercises or controls more than one half of the total voting power either at its own or together with one or more of its subsidiary companies.

For this purpose:

- a) a Company shall be deemed to be a subsidiary Company of the holding Company even if the control referred to in (i) and (ii) above is of another subsidiary Company of the holding Company;
- b) the composition of a Company’s Board shall be deemed to be controlled by another Company if that other Company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of Directors;
- c) the expression ‘Company’ includes any body corporate;
- d) ‘layer’ in relation to a holding Company means its subsidiary or subsidiaries.

“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 subsidiary for the immediately preceding accounting year.

“Unlisted Material Subsidiary” shall mean a subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year, whether incorporated in India or not.

PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARY COMPANIES

- 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 purpose of this clause, “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- The Audit Committee of the Listed Holding Company shall review the financial statements, in particular, the investments made by its Unlisted Subsidiary Company(ies).
- The Minutes of the Meeting(s) of the Board of Unlisted Subsidiary Company(ies) and its Significant Transactions and/or Arrangements shall be placed before the Board of the Listed Holding Company.
- The Management shall periodically bring to the attention of the Board of Directors of the Listed Holding Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
- The Company, without the prior approval of the Members by a Special Resolution, shall not:
 - a) dispose of shares in its Material Subsidiaries resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%); or ceases the exercise of control over the Subsidiary/ies except in cases where disinvestment is made under a scheme of arrangement duly approved by a Court / Tribunal; or
 - b) sell, dispose or lease the assets amounting to more than twenty percent (20%) 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 the Court/Tribunal.
- In case the Company has a listed subsidiary which itself is a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- The Company shall place separated audited accounts in respect of each of its subsidiary on its website.

DISCLOSURES

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

REVIEW

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary to remain consistent with the statutory amendments.