

Policy for Determining Material Subsidiary

1. Purpose and scope:

The policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. SEBI (LODR). The objective of this policy is to determine the Material Subsidiaries of the company and to act as governance framework for the same.

Words and expressions used in this policy, unless specifically defined hereunder, shall have meaning respectively assigned in the SEBI (LODR), and in the Companies Act, 2013 read with relevant Rules.

2. Material Subsidiary:

A company shall be considered "material subsidiary", whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3. Governance framework:

- a) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- b) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- c) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

For the purpose of this clause, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

- d) 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.

For the purposes of this clause, 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.

- e) A listed entity shall not dispose of shares (disinvestment) in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 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 and Bankruptcy Code (Insolvency Code), and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- f) 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 of the company 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.
- g) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity.

Limitation and Amendment:

In the event of any conflict between the provisions of this Policy and of the Act or SEBI(LODR) or any other statutory enactments, or rules, the provisions of such Act or SEBI(LODR) shall prevail.

The policy is a public document and shall be uploaded on the website of the Company. The Board of Directors shall have the power to amend the policy or replace the policy entirely with a new policy.