

## **Introduction**

This policy is framed pursuant to the provisions of Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its amendments thereto. Further pursuant to SEBI (Listing Obligations & Disclosure Requirements) (Amendments) Regulations, 2018 the policy is amended by the Board on 24 May, 2019.

## **Policy**

- I. A 'Material Subsidiary' shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- II. At least one Independent Director on the Board of the Company shall be a director on the Board of the Material Unlisted Subsidiary Company. For the purpose of this particular clause –
  - a) "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year; and
  - b) "Unlisted Subsidiary" shall mean a subsidiary whether incorporated in India or not and which is not listed on any of the Stock Exchanges.
- III. Other compliances as applicable with respect to such Material Subsidiar(ies) shall be in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, if any, for the time being in force.

## **Procedure**

- I. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- II. 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.
- III. 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 (as prescribed in the Listing Regulations) entered into by the unlisted subsidiary.
- IV. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Subsidiary.

- V. The company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- VI. The company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

### **Disclosure**

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

### **Review of the Policy**

This Policy shall be subject to review as may be deemed necessary or in accordance with any regulatory amendments, which affects the said policy.

### **Amendments to the Policy**

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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