



**POLICY ON DETERMINATION OF
MATERIAL SUBSIDIARY AND ITS
GOVERNANCE**

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1. PURPOSE

The Board of Directors of the Company has adopted the policy for determining “Material” Subsidiary in accordance with the Regulation 16(1)(c) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”).

This Policy will be assist the Board to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries.

2. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Audit Committee” means “Audit Committee” constituted by the Board of Directors of the Company in accordance with section 177 of the Act and read with Regulation 18 of the SEBI LODR.

“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 Companies Act, 2013 and SEBI LODR as amended, from time to time.

“Material Subsidiary” means a subsidiary, whose income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Material Unlisted Indian Subsidiary” shall mean an unlisted subsidiary, whose income or net worth exceeds ten percent (10%) percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (10%) 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.

All the words and expressions used and not defined in this Policy, shall have meaning respectively assigned to them under the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 or any other applicable laws for the time being in force and rules and regulations made thereunder as amended, from time to time shall have the meanings respectively assigned to them in those legislations.

3. POLICY GOVERNANCE OF UNLISTED SUBSIDIARIES

- a. The list of Unlisted Subsidiary of the Company shall be placed before the Audit Committee for their review on an annual basis.
- b. The Audit Committee of the Company shall also periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c. The minutes of the Board meetings of the unlisted subsidiary company shall be periodically placed at the Board meeting of the Company.
- d. The Management of the unlisted subsidiary company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.

4. ADDITIONAL REQUIREMENTS FOR MATERIAL UNLISTED SUBSIDIARIES

- a. Based on the recommendations of the Nomination and Remuneration Committee of the Company the Board shall appoint at-least one Independent Director of the Company shall be a Director on the Board of the Material Unlisted Subsidiary Company, whether incorporated in India or not.

The term “material subsidiary” for the purpose of this clause shall mean a subsidiary, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b. Material Unlisted Subsidiary incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

5. DISPOSAL OF SUBSIDIARIES

The Company, without the prior approval of the members by Special Resolution in its General Meeting (*except where 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 recognized stock exchanges within one day of the resolution plan being approved*), shall not:

- a. dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%); or
- b. cease the exercise of control over the Subsidiary; or
- c. sell, dispose or lease the assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary.

6. REVIEW OF THE POLICY

This Policy shall be subject to review by the Board as may be deemed necessary or to meet any regulatory requirements.

In the event of any conflict between the provisions of the Policy and the Companies Act, 2013 or SEBI LODR or any other laws, rules and regulations as amended, from time to time the latter shall prevail.

7. EFFECTIVE DATE

This Policy shall be effective from January 31, 2022.

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