

# **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

## **A. PURPOSE AND SCOPE**

The policy for determining Material Subsidiary Companies has been framed in accordance with the provision of regulation 16(1)(c) of (Listing Obligations and Disclosure Requirements) Regulations, 2015 'SEBI (LODR) Regulation, 2015'.

The policy will be use to determine the Material Subsidiary of the Company and to provide the governance framework for such subsidiaries.

All words and expressions used in policy, unless defined hereafter shall have meaning respectively assigned to them under SEBI (LODR) Regulation, 2015 and in absence of its definition or explanation therein as per Companies Act, 2013 and the Rules, Notification and Circulars made/issued thereunder as amended form time to time.

## **B. INTENTIFICATION OF MATERAL SUBSIDARY**

A subsidiary shall be considered material if it income or net worth exceeds 10 percent of the Consolidated Income or Net worth respectively of the Company and it's Subsidiary in the immediately preceding accounting year.

## **C. GOVERNANCE FRAMEWORK**

- i. The Audit Committee of the Company shall periodically review the financial statement in particular the investment made by the unlisted subsidiary Company.
- ii. The minute of the Board Meeting of the unlisted subsidiary Company shall be placed before the Board of Director of the Company.
- iii. The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Director of the Company a statement of all significant transaction and arrangement entered into by the unlisted Subsidiary Company.

A transaction or arrangement shall be considered significant if its exceeds or is likely to exceed 10 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 financial year.

- iv. At least one independent Director of the Company shall be a Director on the Board of the unlisted material Subsidiary Company whether incorporated in India or not.

For the purpose of this provision notwithstanding anything to the contrary containing clause B above, the term 'Material Subsidiary' shall mean a subsidiary whose income or net worth exceeds 10 percent of the consolidated income or net worth respectively of the Company and its Subsidiary in the immediately preceding financial year.

- v. The Company shall obtain prior approval of the members by way of Special Resolution if disposal of shares in its material subsidiary (either on its own or together with other subsidiary) results in reduction of its shareholding to less than 50 percent or the Company ceases the exercise of control over such subsidiary;

Such approval shall not be required if the disinvestment is :

- Under a scheme of arrangement duly approved by a Court/Tribunal , or
- Under a resolution plan duly approved under the Section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchange with one day of the resolution plan being approval.

- vi. The Company shall obtain prior approval of the members by way of Special Resolution if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year;

Such approval shall not be required if such sale, disposal and lease of assets is :

- Under a scheme of arrangement duly approved by a Court/Tribunal , or
- Under a resolution plan duly approved under the Section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchange with one day of the resolution plan being approval.

- vii. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the Annual Report of the Company.

#### **D. POLICY REVIEW**

This policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.