



Reg. Off. :- 15/79-B, Lower Ground Floor, Sunrise Apartment,
Civil Lines, Kanpur, Uttar Pradesh, India, 208001
CIN: - L17111UP1990PLC012122
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POLICY ON MATERIAL SUBSIDIARY

1. PREAMBLE

Companies in the course of its business may be required to establish subsidiary company/companies to pursue different product segments of its business or same business in different geographical segments. The subsidiary company may be Indian subsidiary or foreign subsidiary, wholly owned subsidiary or majority owned subsidiary, Material subsidiary or Non-Material subsidiary and listed subsidiary or unlisted subsidiary. As compared to other subsidiaries, Material Subsidiaries warrants more attention and monitoring by the holding company. Hence, it become imperative to have policy, which provide a framework for identifying material subsidiaries for effective monitoring.

2. STATUTORY REQUIREMENT

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) prescribes certain regulatory provisions for the material subsidiary companies than that of the other subsidiary companies. Clause 16 (c) of LODR, every listed company shall have a policy for identifying the material subsidiaries.

In compliance of the said statutory requirement, the Company has formulated the policy.

3. POLICY OBJECTIVE

To determine criteria for identification of Material Subsidiaries if any of the Company and to provide a governance framework for such subsidiaries.

4. DEFINITIONS

All the Words and expressions used in this Policy, unless defined hereinafter, shall have the meaning respectively assigned to them under the LODR, the Companies Act, 2013 and the Rules, Notifications & Circulars made thereunder, for the time being in force.

- **"Policy"** means Policy on Material Subsidiary.
- **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 unlisted subsidiary for the immediately preceding accounting year.
- **Subsidiary** shall be as defined under Sec 2(87) the Companies Act, 2013 and the Rules made thereunder.
- **Material Subsidiary:** means a Company as defined in Regulation 16 (1)(c) of LODR.
- **Non-Material Subsidiary:** A Company which is not a material subsidiary is non material subsidiary



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5. POLICY

A. Governance for Non-Material Subsidiary

- The Audit Committee of the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the non-listed subsidiary Company on an annual basis.
- The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- The Management 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.
- Where the Company has a listed subsidiary, which is itself a holding company, this policy shall apply to such holding company in so far as its subsidiaries are concerned.

B. Governance for Material Subsidiaries: In addition to the above, Material subsidiaries shall follow the following conditions also.

- One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Subsidiary Company, whether incorporated in India or not.
- [Explanation - 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 Company in the immediately preceding financial year.]
- The Company shall not dispose of the 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 the approval of the shareholders by a special resolution in its General Meeting, except in cases where divestment is made under a scheme or 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 shall be disclosed to the stock exchanges within one day of the resolution plan being approved.
- The Company shall not sell, dispose of and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of shareholders 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 shall be disclosed to the stock exchanges within one day of the resolution plan being approved.
- Material Unlisted Subsidiary Company incorporated in India shall undertake secretarial audit by a Company Secretary in Practice and the said secretarial audit shall be annexed to the Annual Report.



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C. Disclosure

The Company will disclose all events/information with respect to material subsidiaries to the stock exchange as per the Company's Policy for Disclosure of Material Events.

6. POLICY REVIEW

This policy shall be subject to review by the Board of Directors as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.

The Board of Directors may amend this policy, as may be required to be in line with the changes, amendments and modifications if any in the Companies Act, 2013, Rules made thereunder, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any amendment, clarification, circular, notification etc. issued by a competent authority, which is not consistent with the provisions laid down under this Policy, the provisions of such amendment, clarification, circular, notification, etc. shall prevail and this policy shall stand amended accordingly, without any further action, on and from the date on which such amendment, clarification, circular, notification comes in to effect.