

POLICY ON “MATERIAL SUBSIDIARIES”

1. INTRODUCTION

The Board of Directors of the Company has adopted the following policy and procedures with regard to determination of “material” subsidiaries as defined below. The Board may review and amend this policy from time-to-time.

This policy shall be applicable to the Company with effect from October 27,2015.

2. POLICY OBJECTIVE

The objective of the policy is to determine the “material” subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. POLICY

- i) A “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.
- ii) At least one independent director on the Board of directors of the holding company shall be a director on the Board of directors of a material subsidiary company.
- iii) The audit committee of the company shall also review the financial statements, in particular, the investments made by the material subsidiary company.
- iv) The minutes of the Board meetings of the material subsidiary companies shall be placed at the Board meeting of the company.
- v) The CFO should 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 material subsidiary company.

For the purpose of this clause the significant transaction shall include:

- a) Order received value above Rs. 100 crore
- b) Borrowing for amount of Rs. 50 crore and above
- c) Any new capex project Rs. 25 crore and above
- d) Investment/divestment in any other company; and
- e) Loans given/guarantees issued

vi) The CFO shall present to the audit committee annually the list of such material 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.

4. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the approval of the members by special resolution in its general meeting, shall not:

- (a) dispose shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty per cent); or
- (b) ceases the exercise of control over the material subsidiary.

However, where a divestment/sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, the aforesaid restrictions shall not apply.

5. DISCLOSURES

The Company shall disclose the policy on the Company's website and a web link thereto shall be provided in the annual report.

This policy has been reviewed by the audit committee and approved by the Board at their respective meetings held on 26th and 27th October, 2015 and has been made effective on and after October 27, 2015.