

Material Subsidiaries Policy:

A. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

A non-listed Indian Subsidiary will be considered as a material subsidiary if its income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

In the event that a non-listed Indian Subsidiary becomes a material subsidiary as defined above, the Board shall appoint one amongst its Independent Director as a director of Subsidiary.

B. Other Matters:

A non-listed Indian Subsidiary will be considered as a material subsidiary if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

If any of its non-listed Indian Subsidiaries becomes a material subsidiary as per the above criteria, the Company shall, thereafter, comply with the requirements of the Listing Agreement and all other applicable laws in this connection.

Policy on Related Party Transactions:

A. Related Party:

A party shall be construed as a 'Related Party' and transactions with such parties as 'Related Party Transactions' if

- such entity is a related party under Section 2(76) of the Companies Act, 2013
- such entity is a related party under the applicable accounting standards.

Relevant provisions of the Companies Act 2013 and Accounting Standards are reproduced below:

Section 2(76) of the Companies Act, 2013: "related party", with reference to a company, means—

- a director or his relative;*
- a key managerial personnel or his relative;*
- a firm, in which a director, manager or his relative is a partner;*
- a private company in which a director or manager is a member or director;*
- a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;*
- any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;*
- any person on whose advice, directions or instructions a director or manager is accustomed to act:*

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii. any company which is—

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

ix. such other person as may be prescribed;

Rule 3 of Companies (Specification of definitions details) Rules, 2014: *For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.*

Section 2(77) of the Companies Act, 2013: *“relative”, with reference to any person, means anyone who is related to another, if—*

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed;

Rule 4 of Companies (Specification of definitions details) Rules, 2014: *A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-*

1) *Father: Provided that the term “Father” includes step-father.*

2) *Mother: Provided that the term “Mother” includes the step-mother.*

3) *Son: Provided that the term “Son” includes the step-son.*

4) *Son’s wife.*

5) *Daughter.*

6) *Daughter’s husband.*

7) *Brother: Provided that the term “Brother” includes the step-brother;*

8) *Sister: Provided that the term “Sister” includes the step-sister.*

Accounting Standard (AS) 18 - Related Party Disclosures: *Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.*

Control – (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or (c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant influence - participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

B. Basis for undertaking Related Party Transactions:

The Company shall strive to ensure that related party transactions are in the ordinary course of the business and on arms’ length basis. The Company shall strive to determine the best possible price

and ensure that the commercial terms of the transactions are beneficial to the Company and are not prejudicial to its interests. The management shall present to the Board the basis and rationale for undertaking related party transactions.

C. Material Related Party Transactions:

Transactions with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

D. Approval Process for Related Party Transactions:

i. Approval of the Audit Committee:

No new related party transaction or modification of existing related party transactions shall be undertaken by the Company without the prior approval of the Audit Committee.

For transactions of a recurring and continuing nature, the Company may seek an omnibus approval from the Audit Committee. The Company shall submit the list of transactions proposed to be undertaken during a financial year together such information as the Audit Committee may require for the purpose of granting approval. The Audit Committee, shall review such related party transactions on a quarterly basis.

For transactions of non-routine nature, the Company shall obtain the prior approval of the Audit Committee as and when the need arises.

ii. Approval of the Board of Directors:

Related Party Transaction falling within the purview of Section 188 of the Companies Act 2013 as amended from time to time, shall be entered into only with the prior consent of the Board of Directors, unless such transactions are in the ordinary course of business and on arm's length basis.

Subject to the above, all related party transactions should be undertaken either with the prior approval of the Board of Directors or ratified by the Board of Directors before the end of the financial year to which the transaction relates.

iii. Approval of the Shareholders:

No material related party transaction shall be entered into with obtaining the approval of the shareholders of the Company.

A related party transaction which falls within the purview of the Section 188 of the Companies Act, 2013 and exceeds the thresholds specified therein, shall be undertaken only after obtaining the prior approval of the shareholders of the Company, unless such transactions are in the ordinary course of business and on arm's length basis.

A related party shall abstain from voting on such resolutions.