



## **POLICY ON DETERMINING MATERIAL SUBSIDIARIES**

### **1. Background**

Further to the requirements Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR 2015) as amended from time to time the Company has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

### **2. Objective**

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

### **3. Effective Date/ Applicability**

The Board of Directors of the Company formulated the code effective from 1st October 2014. Subsequently revised the Code in compliance with the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. Policy first amendment made by the Board of Directors at their meeting held on 26<sup>th</sup> May 2016 and second amendment made by the Board of Directors at their Meeting held on 08<sup>th</sup> February 2019. The policy is now revised in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which shall come into force w.e.f.1st April 2019. The amended policy would come into effect from April 1, 2019.

### **4. Policy**

A subsidiary shall be considered as Material if; subsidiary, whose income or net worth exceeds ten per cent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

A list of Material and Non Material subsidiaries will be presented to the Board annually for records. In addition to complying with the above threshold, Board/ management may decide the subsidiaries to be material based on business decisions.

### **5. Requirements regarding Material Subsidiaries**

The minutes of meetings of the Board of Directors of Unlisted subsidiaries shall be placed at the Board Meeting of the Company (VA TECH WABAG LIMITED).

One Independent director of the Company shall be a director on the Board of the unlisted material subsidiary incorporated in India and Overseas. For this purpose A subsidiary shall be considered as Material if subsidiary, whose income or net worth exceeds twenty per cent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

The Audit Committee of the Board shall review the following:

1. Financial statements, in particular, the investments made by the unlisted subsidiary.
2. The utilization of loans and/ or advances from/investment by the company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

