

VOLTAS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Purpose of the Policy

The purpose of this Policy is to determine Material Subsidiaries and disclosure thereof as required by Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **SEBI Listing Regulations, 2015**).

2. Objective

The objective of this Policy is to determine:-

- (i) meaning of 'Material' Subsidiary;
- (ii) requirement of Independent Director in Unlisted Material Subsidiaries, whether incorporated in India or not;
- (iii) Restriction on disposal of shares of a Material Subsidiary of the Company;
- (iv) Restriction on sale/disposal/leasing of assets of a Material Subsidiary; and
- (v) Disclosure requirements under SEBI Listing Regulations, 2015 and any other laws or regulations as may be applicable to the Company.

3. Definitions

Audit Committee : means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of SEBI Listing Regulations.

Company : means Voltas Limited

Control : shall include the right to appoint majority of the directors or to control the Management or Policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

Independent Director : means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the SEBI Listing Regulations, 2015.

Material Subsidiary : means a subsidiary whose income or net worth exceeds 10% of consolidated income or net worth, respectively of Voltas Limited and its subsidiaries as per the audited balance sheet of the previous financial year.

Significant Transaction or Arrangement : means 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 material subsidiary for the immediately preceding accounting year.

Subsidiary : as defined in Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations, 2015, Securities Contracts Regulation Act or any other applicable law or regulation.

4. **Independent Director on the Board of Unlisted Material Subsidiary**

At least one Independent Director on the Board of Voltas Limited shall be a director on the Board of the unlisted material subsidiary of the Company, whether incorporated in India or not. For this purpose, notwithstanding anything to the contrary contained in Policy, the term “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

5. **Significant transactions/arrangements of unlisted subsidiary companies**

The Management should periodically bring to the attention of the Board of Directors of Voltas Limited, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company of Voltas.

6. **Financial statements and Investments made by unlisted subsidiary companies**

The Board Audit Committee of Voltas Limited shall review the financial statements and investments made by the unlisted subsidiary companies, on quarterly basis.

7. **Minutes of Board Meetings of unlisted subsidiary companies**

The Minutes of the Meetings of the Board of Directors of the unlisted subsidiary shall be placed at the Meeting of the Board of Directors of the Company.

8. **Restrictions on disposal of shares of material subsidiary by the Company**

Voltas 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 fifty percent (50%) or cease to exercise control over the subsidiary company, without passing a Special Resolution in its General Meeting, except in cases where such divestment is under a Scheme of Arrangement duly approved by a Court/Tribunal or under the Insolvency Code and such event is disclosed to the Stock Exchanges within one day of the Resolution Plan being approved.

9. **Restriction on sale/disposal/leasing of its assets of material subsidiary**

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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 the Insolvency Code and such event is disclosed to the Stock Exchanges within one day of the Resolution Plan being approved.

10. **Disclosures**

As stipulated by Regulation 46(2) of SEBI Listing Regulations, 2015, this Policy shall be disclosed on the Company's website and a weblink thereto shall be provided in the Annual Report of the Company.

11. **Review of the Policy**

In case of any subsequent changes in the provisions of the Regulations or any other regulations which makes any of the Clauses/provisions in the Policy inconsistent with the SEBI Listing Regulations, 2015, the provisions of the SEBI Listing Regulations, 2015, would prevail over the Policy. The Board also at its discretion has the power to review and revise the Policy.

12. **Effective Date**

The Policy as approved by the Board of Directors at its Meeting held on 27th March, 2019 shall be effective from 1st April, 2019.

Co. Sec.