



# Vedanta Limited

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## Policy on Material Subsidiaries

Document Name	<b>Policy on Material Subsidiaries</b>
Company	<b>Vedanta Limited</b>
Prepared by	<b>Corporate Secretarial</b>

## **POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES**

### **1. Introduction**

The Securities & Exchange Board of India (SEBI) has revised Clause-49 of the Listing Agreement as applicable to listed companies. Clause 49 (V) (D) of the Listing Agreement requires all listed companies to formulate a policy for determining ‘material’ subsidiaries.

This Policy will be applicable to the Company effective 1 October 2014. This Policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

### **2. Objective**

The objective of the ‘Policy on Material Subsidiaries’ (the ‘Policy’) is to determine the material subsidiaries of Vedanta Limited/ Company and to provide the governance framework for such material subsidiaries.

### **3. Definitions**

“**Act**” means Companies Act, 2013 including any statutory modification or re-enactment thereof.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time.

“**Board of Director**” or “**Board**” means the Board of Directors of Vedanta Limited, as constituted from time to time.

“**Company**” means Vedanta Limited (VL).

“**Policy**” means Policy on Material Subsidiary.

“**Material Subsidiary**” shall mean a subsidiary, if the investment of the Company in the subsidiary exceeds *20% of the consolidated net worth* as per the audited balance sheet of the immediate previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the immediate previous financial year.

“**Material non-listed Indian subsidiary**” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

“**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 material unlisted subsidiary for the immediately preceding accounting year.

(ii) “**Subsidiary Company**” as defined under clause 2(87) of the Act or any amendment made thereto

**(iii) “Holding Company”** as defined under clause 2(46) of the Act or any amendment made thereto

#### **4. Policy**

- 1) The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:
  - a) dispose of 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, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
  - c) Sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- 2) All Subsidiaries of the Company shall seek approval of the Board of Vedanta Limited on financial and commercial matters reserved for it and to be decided by the Board from time to time. In case of any exigencies, wherein prior/in principle approval of the Board cannot be obtained, in such cases, as an exception, the Committee of Directors shall consider such items and update the Board from time to time.
- 3) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.
- 4) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on periodical basis.
- 5) The Management of the Company shall on a half yearly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements (which 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 material unlisted subsidiary for the immediately preceding accounting year) entered into by the unlisted subsidiary company.
- 6) The Management shall present to the Audit Committee annually the list of such Material Subsidiaries together with the details of the materiality defined herein.
- 7) One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

#### **5. Disclosures**

The Company will disclose the Policy in the Annual Report also to the stock exchange. The policy shall also be uploaded on the website of the Company at [www.vedantalimited.com](http://www.vedantalimited.com).

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