



## UltraTech Cement Limited

### POLICY FOR DETERMINING MATERIAL SUBSIDIARY COMPANIES

#### 1.0 Preamble

The Company keep exploring means to enhance stakeholders' value and in its pursuit to do so has globally expanded its footprints by incorporating subsidiaries in various jurisdictions. These subsidiaries are formed to meet the business and structural compulsions, which interalia includes needs ranging from structural leveraging, mergers and acquisitions, introducing new products or services or introducing a private equity partners, who prefers focused investment.

#### 1.1 Objective

It is our policy to ensure that good governance trickles down the entire structure and accordingly upholding the principles of good corporate governance although the SEBI Listing Regulation mandates only to formulate a policy determining the material subsidiaries, the Board of Directors (the “**Board**”) of UltraTech Cement Limited (the “**Company**”) has adopted this Policy for determining material subsidiary companies w.e.f 1<sup>st</sup> April, 2019 in relation to disclosure and monitoring mechanism of its Subsidiaries.

All the words and expressions used in this Policy, unless defined hereinafter shall have meaning respectively assigned to them under the Listing Regulations and/or the rules or regulation made thereunder or any statutory modification or re-enactment thereto, as the case may be and in the absence of its definition or explanation therein, as per the provisions of Act.

#### 2.0 Definitions

“**Act**” shall mean the Companies Act, 2013 and rules, notifications, circulars framed/issued thereunder, as amended, from time to time.

“**Control**” shall be as defined under the Act and the rules made thereunder.

“**Independent Director**” shall mean a director who satisfies the criteria of independence as prescribed under the Act, the rules made thereunder and the Listing Regulations.

**“Material Subsidiary”** shall mean a Subsidiary of the Company whose income or net worth exceeds ten per cent of the consolidated income or net worth respectively, of the 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 ten percent (10%) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

**“Subsidiary”** shall be as defined under the Act and the rules made thereunder and unless otherwise specifically stated in this Policy, shall deem to include Foreign Subsidiaries of the Company.

### **3.0 Governance Framework w.r.t Subsidiaries**

#### **3.1 All the Subsidiaries**

- Subsidiary company will ensure that either on its own or through its nominees or otherwise it will not acquire/hold any share in the Company;
- The Company will ensure that it does not allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary shall be considered as void;
- The Audit Committee of the Company shall review 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 existing as on the date of coming into the effect of this policy.
- The Company will ensure that, for the purposes of quarterly consolidated financial results, at least eighty percent of each of the consolidated revenue, assets and profits, respectively, have been subject to audit or in case of unaudited results, subjected to limited review.
- The Company will ensure that, all related party transactions with subsidiaries shall be undertaken on arm’s length basis and with the approval of the Audit Committee, in accordance with the provisions of the Listing Regulation and/or the Act, as may be applicable. In the event, the transaction is not in ordinary course of business and at arm’s length basis, the Company shall ensure to enter into such transaction only with the approval of the Board of Directors of the Company and with the approval of or ratification by the shareholders of the Company within such period, as prescribed under applicable laws.

### 3.2 Unlisted Subsidiaries

- The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary.
- The minutes of the meeting of board of directors of the unlisted Subsidiary shall be placed at the meeting of Board of the Company, at regular intervals.
- The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.

### 3.3 Material Subsidiaries

The Company only with the prior approval of the shareholders through special resolution at the general meeting shall:

- dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other Subsidiaries of the Company) to less than fifty percent (50%) or cease the exercise of Control over the Subsidiary, except in case where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved
- Sell, dispose off/lease of assets amounting to more than twenty percent (20%) 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

### 3.4 Material Unlisted Subsidiaries

- The Company will ensure that, at-least one Independent Director of the Company will be a director on the board of directors of unlisted Material Subsidiary.

**Explanation-** For the purposes of this clause , the term “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. Every material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

#### **4.0 Disclosure on the website and in the Annual Report**

In the spirit of transparency and ease of reference for shareholders of the Company, the Company will

- Upload this Policy under the section Investors on the website of the Company i.e. [www.ultratechcement.com](http://www.ultratechcement.com) and a web link thereto will also be provided in the Annual Report of the Company.
- Upload a list of material subsidiaries on the website of the Company and will annually review and update the same.
- All events or information with respect to subsidiaries, which are material in nature, as per the materiality policy of the Company as formulated pursuant to the provisions of Regulation 30 of the Listing Regulation, will be disclosed to the stock exchange and consequently would also be uploaded on the website of the Company.
- The Company will place separate audited accounts in respect of each of its subsidiary on its website atleast 21 days prior to the date of its annual general meeting and shall also provide the copy of such audited financial statements to any shareholder of the company, who asks for it.

#### **5.0 Scope and Limitation**

In the event the terms of this Policy differ from any applicable law/Statutory Provisions for the time being in force, the provisions of such applicable law shall take precedence over this Policy.

#### **6.0 Amendments**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace this Policy entirely with a new Policy, based on the recommendations of the Audit Committee.