

**TATA STEEL**



**Policies on determining  
Material subsidiaries**

**17th December 2014**



## Policy on determining Material Subsidiaries\*

### GLOSSARY

“Audit Committee”	implies the audit committee constituted by the Board of Directors of the Company from time to time under provisions of Listing Agreement with the Stock Exchanges and the Companies Act 2013
“Board”	implies Board of Directors of Tata Steel Limited
“Company”	implies Tata Steel 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.
“Directors”	implies all the Directors on the Board.
“ED”	implies Executive Director of the Company
“Independent Director” or “ID”	implies a non- executive Director of the Company, other than a nominee Director and who is neither a promoter nor belongs to the promoter group of the company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the Listing Agreement entered into with the respective stock exchanges in India.
“Listing Agreement”	implies the Listing Agreement as entered into by the Company with the stock exchanges in India as prescribed by the Securities and Exchange Board of India
“Material Subsidiary”	Implies a subsidiary in which the investment by the Company exceeds 20% of the consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.
“Material Non Listed India Subsidiary”	implies an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up share 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
“Policy”	implies this policy on determination of Material Subsidiaries of the Company
“Significant Transaction or Arrangement”	implies 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.

“Subsidiary” shall mean as defined under the Companies Act, 2013 Act and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation.

## **1. PURPOSE OF THE POLICY**

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The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required by Clause 49 (V) of the Listing Agreement. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

## **2. OBJECTIVE OF THE POLICY**

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The objective of this Policy is to determine (a) meaning of Material Subsidiary (b) requirement of Independent Director in certain Material Non Listed Indian Subsidiaries (c) Restriction on disposal of shares of Material Subsidiary by the Company (d) Restriction on transfer of assets of Material Subsidiary and (e) disclosure requirements, based on Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

## **3. INDEPENDENT DIRECTOR ON THE BOARD OF MATERIAL NON LISTED INDIAN SUBSIDIARY**

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At least one Independent Director on the Board of the Company shall be a director on the board of the Material Non Listed Indian Subsidiary.

## **4. SIGNIFICANT TRANSACTIONS/ARRANGEMENTS OF UNLISTED SUBSIDIARY COMPANIES**

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The management should periodically submit to the Board a statement of all Significant Transactions and Arrangements entered into by the unlisted Material Subsidiary company.

## **5. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY**

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The Company shall not dispose off 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 the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where divestment is under a scheme of arrangement duly approved by a court/ tribunal

## **6. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY**

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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 by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal.

## **7. REPORTING and DISCLOSURE**

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As prescribed by revised Clause 49(V)(D) of the Listing Agreement, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

## **8. REVIEW OF THE POLICY**

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This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.