

## **BALMER LAWRIE & CO. LTD.**

### **Policy for determining 'Material subsidiaries'**

Effective dated : 28th March, 2015

#### **1. Purpose and Scope:**

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement, as amended and effective from October 1, 2014.

The Policy will be used to determine the Material Subsidiaries of Balmer Lawrie & Co. Ltd. and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

#### **2. Identification of 'Material' subsidiary:**

A subsidiary shall be considered as material if –

- a. the investment of the Company, in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or,
- b. if the subsidiary has generated 20 per cent of the consolidated income of the company during the previous financial year.
- c. 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 per cent of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

#### **3. Governance framework:**

- i. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- ii. The Audit Committee of Balmer Lawrie & Co. Ltd. shall also review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- iii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- iv. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

- v. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

#### **4. Disposal of Material Subsidiary:**

The Company shall not dispose of shares in its' material subsidiary which would:

- a. reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 per cent or cease the exercise of control over the subsidiary or,
- b. amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year

without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal under the Companies Act, 2013 or rules made thereunder.

#### **5. Policy Review:**

This policy is framed in relation to requirements of the clause 49 of the Listing agreement with the stock exchanges as on September 15, 2014.

In case of any subsequent changes in the provisions of the Companies Act 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. This policy shall be modified by the Board of Directors.