

## **L.G.BALAKRISHNAN & BROS LIMITED**

CIN: L2191TZ1956PL000257

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### **POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES**

[Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

#### **PURPOSE OF THE POLICY**

The purpose of this Policy determination of “Material Subsidiaries” in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended (the “**SEBI Listing Regulations**”). The Board / its Committee may review this policy from time to time.

#### **OBJECTIVE OF THE POLICY**

The objective of this Policy is to determine (a) meaning of Material Subsidiary (b) requirement of appointing an Independent Director of the Company on the Board of Unlisted Material Subsidiaries (c) Restriction on disposal of shares of Material Subsidiaries by the Company (d) Restriction on Selling, Disposing and Leasing of assets of Material Subsidiary (e) Secretarial Audit of Material unlisted subsidiaries and (f) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to L.G.Balakrishnan & Bros Limited.

#### ***Definitions***

1. “**Act**”: Act means Companies Act, 2013 & Rules made thereunder.
2. “**Board of Directors**” or “**Board**”: Means the Board of directors of **L.G.Balakrishnan & Bros Limited**, as constituted from time to time.
3. “**Holding Company**”: Holding Company in relation to one or more other companies, means a company of which such companies are subsidiary companies.
4. “**Subsidiary Company**”: Subsidiary Company shall be as defined under the Act.
5. “**Material Subsidiary**”: shall mean a subsidiary, whose income or net worth exceeds 10 % (Ten percent) of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.
6. “**Significant transactions or arrangement**”: “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

7. **“Networth” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;**
8. **“Audit Committee”:** Audit Committee means the committee formed under Section 177 of the Act by the Board of the Company, from time to time.

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

#### **INDEPENDENT DIRECTOR OF THE COMPANY ON THE BOARD OF UNLISTED MATERIAL SUBSIDIARY**

At least one Independent Director on the Board of the Company shall be a director on the board of the Unlisted Material Subsidiary, whether incorporated in India or not.

For the purpose of compliance with the above, 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 listed entity and its subsidiaries in the immediately preceding accounting year.

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

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, 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.

#### **RESTRICTION ON DISPOSAL OF 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 a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 (‘Insolvency Code’) and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## **SECRETARIAL AUDIT**

Every Material Unlisted Subsidiary of the Company incorporated in India 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.

## **REVIEW THE LIST OF MATERIAL SUBSIDIARIES**

The Management shall present to the Audit Committee annually, the list of the subsidiaries of the Company, together with the details of the materiality defined herein and the Audit Committee shall review the same and make suitable recommendations to the Board.

## **OTHER COMPLIANCES IN RESPECT OF UNLISTED SUBSIDIARIES WHETHER MATERIAL OR NOT**

### **a. SIGNIFICANT TRANSACTIONS / ARRANGEMENTS**

The management should periodically bring to the attention of the Board a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.

### **b. FINANCIAL STATEMENTS**

The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Companies of the Company.

### **c. MINUTES OF UNLISTED SUBSIDIARIES**

The minutes of the Meetings of the Board of Directors of the Unlisted Subsidiary Companies of the Company shall be placed at the Meeting of the Board of Directors the Company.

## **DISCLOSURES**

As prescribed by Regulation 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

## **REVIEW OF THE POLICY**

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