

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Introduction:

This Policy for determination of material subsidiary (ies) is framed in terms of Regulation 16 (c) of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and will be applicable to the Company with effect from 1 December, 2015.

As on date of formulating this Policy, the Company has no subsidiaries and there is no immediate applicability. However, the policy is devised in order to cater to the needs of the company in future when the Company would own Subsidiaries. The Board may review and amend this Policy from time to time.

Definitions:

“Board of Directors” or “Board” means the Board of Directors of Sumeru Industries Limited, as constituted from time to time.

“Company” means Sumeru Industries Limited.

“Policy” means this Policy, as amended from time to time.

“Subsidiary” shall mean a subsidiary as defined under the Act and Rules made thereunder.

“Material Non Listed Indian Subsidiary” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges 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 financial year.

“Audit Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI’s LODR Regulations, 2015 and the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder from time to time, the Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

Policy:

A subsidiary shall be considered Material if any of the following conditions are satisfied:

- the investment of the Company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

Governance Framework:

- The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company.
- The management should 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.
- One Independent Director of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company. Policy for determining material subsidiaries.

Disposal of Material Subsidiary:

The Company shall not :

- dispose of the 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 without passing a special resolution in its General Meeting, except in cases where divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.
- sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

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 the Policy entirely with a new Policy, as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

Disclosure:

This policy is available on the company's website.