

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

<b>Date of Implementation of policy</b>	August 11, 2016
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## Policy for determining Material Subsidiaries

### INTRODUCTION

The Policy for determining 'Material Subsidiaries' (the "Policy") of Dilip Buildcon Limited (the "Company") is in compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended thereof from time to time ("**Listing Regulations**"),. The Board of Directors of the Company (the "Board") has approved and adopted the Policy and to provide the governance framework for such subsidiaries.

### DEFINITIONS

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time in compliance with the provisions of the Companies Act, 2013 and the rules made thereunder, as amended, and the Listing Regulations,.

**"Independent Director"** means a non-executive director (other than a managing director or a whole-time director or a nominee director) of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Regulations.

**"Material Unlisted Subsidiary"** shall mean an Unlisted Material Subsidiary which is incorporated in India or not.

**"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

For the purposes of Regulation 24 of the listing regulations, notwithstanding anything to the contrary contained in regulation 16 of the listing regulation, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**"Significant Transaction or Arrangement"** shall "**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.

**"Subsidiary"** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

### POLICY

(1) A Subsidiary of the Company shall be considered to be a "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated

income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

(2) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

(3) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.

(4) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation: - For the purpose of this regulation, the term “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.

(5) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary 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 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.

(6) Selling, disposing and leasing of assets amounting to more than twenty percent 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, 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.

(7) Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

8) Secretarial Audit: Every listed entity and its 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 with effect from the year ended March 31, 2019.

9) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be complied by herewith.

## **DISCLOSURES**

The Policy for determining material subsidiaries is to be disclosed on the Company's

website and a web link thereto shall be provided in the Annual Report of the Company

The Policy is approved by the Board of Directors at their meeting held on March 30, 2019 and save as otherwise specifically provided in this policy, the policy shall come into force w.e.f. 01.04.2019

By orders of the Board

**For, Dilip Buildcon Ltd.**

**Sd/-**

**Abhishek Shrivastava  
Company Secretary and  
Compliance Officer**

**Place: Bhopal**