



POLICY ON MATERIAL SUBSIDIARIES **REVISED**

(Pursuant to Regulation 16(1)(c) of the SEBI (LODR) Regulations, 2015)

A. INTRODUCTION

In accordance with the provisions of Clause 49(V)(D) of the Listing Agreement entered into by the Company with the Stock Exchanges, the Board of Directors ("**the Board**") of Tilaknagar Industries Ltd. ("**the Company**") had initially adopted the Policy on Material Subsidiaries on November 14, 2014.

In order to align the content of the Policy with the provisions of the SEBI (LODR) Regulations, 2015 ("**Listing Regulations**"), the Board had, based on the recommendation of the Audit Committee, adopted the revised Policy on June 09, 2016¹.

In order to align the content of the Policy with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Board has, based on the recommendation of the Audit Committee, adopted this revised Policy on February 22, 2019² and the same shall be effective from April 01, 2019.

This policy shall be reviewed by the Board at least once every three years and updated, based on the recommendation of the Audit Committee, to incorporate any subsequent amendment(s)/modification(s) in the Listing Regulations³ with respect to matters covered under this Policy or otherwise.⁴

B. OBJECTIVE

The objective of this Policy is to formulate the criteria for determination of Material Subsidiaries and to provide the governance framework for such subsidiaries.

C. DEFINITIONS

"Audit Committee" or **"Committee"** means the Committee of the Board constituted/re-constituted under the provisions of Regulation 18 of the Listing

¹ Newly inserted on June 09, 2016

² Newly inserted on February 22, 2019

³ Reference to the provisions of Listing Agreement replaced with reference to the provisions of Listing Regulations on June 09, 2016

⁴ The existing clause has been amended to align the same with the provisions of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018

Regulations⁵ read with Section 177 of the Companies Act, 2013 as in force from time to time.

“Board of Directors” or **“Board”** means the Board of Directors of Tilaknagar Industries Ltd., as constituted/re-constituted from time to time.

“Company” means Tilaknagar Industries Ltd.

“Independent Director” means a Non-Executive Director of the Company who satisfies criteria mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations⁶.

“Policy” or **“this Policy”** means Policy on Material Subsidiaries.

“Significant Transaction or Arrangement” shall mean 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 of the Company for the immediately preceding accounting year.

“Subsidiary” means existing or future Subsidiaries of the Company.

D. POLICY

1. A subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively of the Company and its subsidiaries on the immediately preceding accounting year shall be considered as Material Subsidiary⁷ of the Company.
2. At least one Independent Director on the Board of the Company shall be appointed as an Independent Director on the Board of its unlisted Material Subsidiary. For this purpose, the Management shall present to the Board, a list of Material Subsidiaries, if any, on an annual basis.

Explanation:- Notwithstanding anything to the contrary contained in clause D (1) above, the term “material subsidiary” shall mean a subsidiary whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year⁸.

⁵ Reference to the provisions of Listing Agreement replaced with reference to the provisions of Listing Regulations on June 09, 2016

⁶ Reference to the provisions of Listing Agreement replaced with reference to the provisions of Listing Regulations on June 09, 2016

⁷ The existing clause has been amended to align the same with the provisions of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018

⁸ The existing clause has been amended to align the same with the provisions of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018

3. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by all the Unlisted Subsidiary Companies including any Material Subsidiary on an annual basis.
4. The minutes of the Board Meetings of all the Unlisted Subsidiary Companies including any Material Subsidiary shall be placed at the Board Meeting of the Company.
5. A statement of all the significant transactions and arrangements, if any, entered by the Unlisted Subsidiary Companies including any Material Subsidiary shall be placed by the Management before the Board on quarterly basis.
6. The Material Unlisted Subsidiaries of the Company incorporated in India shall undertake secretarial audit and shall annex with the annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified in Companies Act, 2013⁹.
7. The Company shall not sell or dispose of the shares held by it 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 Material 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.
8. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of the 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.

E. DISCLOSURES

With respect to its Material Subsidiaries, the Company shall make necessary disclosures as may be prescribed under the provisions of the Companies Act, 2013, Rules made there under and the Listing Regulations¹⁰.

The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.

⁹ Newly inserted on February 22, 2019

¹⁰ Newly inserted on February 22, 2019