# ALFRED HERBERT (INDIA) LIMITED

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### SCOPE AND PURPOSE OF THE POLICY

In terms of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("Listing Regulations") as amend from time to time, ALFRED HERBERT (INDIA) LIMITED ("the Company") is required to formulate a policy for determining "material subsidiary".

The Policy will be used to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below:

1. **"Act"** means the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force.

2. **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and rules made thereunder read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. **"Board of Directors"** or **"Board"** means the Board of Directors of the Alfred Herbert (India) Limited, as constituted from time to time.

4. **"Company"** means Alfred Herbert (India) Limited.

5. **"Holding Company"** means Holding Company as defined under Section 2(46) of the Act.

6. **"Independent Director"** means an Independent Director as defined in Section 2(47) of the Act read with SEBI Listing Regulations and as may be amended from time to time.

7. **"Policy"** means this Policy on Material Subsidiaries and as may be amended from time to time.

8. **"Subsidiary Company / Subsidiary"** means Subsidiary Company / Subsidiary as defined under Section 2(87) of the Act and the Rules made there under.

   Note: Any words used in the Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and regulations made thereunder, SEBI Listing Regulations or any other relevant legislation/ law applicable to the Company.

## CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY AND COMPLIANCE

**Criteria for determining Material Subsidiary:**

A Subsidiary shall be considered as material if its turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ("Material Subsidiary").

**Compliance:**

As per Regulation 24(1) of the SEBI (LODR), Regulations, 2015, at least one independent director on the Board of Directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or outside.

(Explanation: For the purpose of this requirement, notwithstanding anything to the contrary contained in regulation 16, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 20% (twenty per cent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.)

The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

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 Company.

As per regulation 24A of the SEBI (LODR), Regulations, 2015, the Company and its unlisted Material 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.

## DISPOSAL OF SHARES / ASSETS OF MATERIAL SUBSIDIARY

(i) The Company shall not dispose of shares in its Material Subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty per cent) or cease the exercise of control over the Material Subsidiary without passing a special resolution in the 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.

(ii) The Company shall not sell, dispose and lease assets amounting to more than 20% (twenty per cent) of the assets of the Material Subsidiary on an aggregate basis during a financial year unless it obtains the prior approval of shareholders by way of special resolution, except where 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:

Nothing contained in this sub - clause (ii) shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

**REVIEW OF SIGNIFICANT TRANSACTION AND ARRANGEMENTS ENTERED INTO BY UNLISTED SUBSIDIARY COMPANY**

The management of the unlisted subsidiary shall periodically bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

For the purpose of this sub-clause, the term **"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 unlisted subsidiary for the immediately preceding accounting year.

**AMENDMENT**

The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy.

**DISCLOSURE**

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