



## **DIVYASHAKTI GRANITES LIMITED**

**Corporate & Regd. Office:** 7-1-58,  
Divyashakthi Apartments,  
Ameerpet, Hyderabad-500016  
**CIN:** L99999TG1991PLC012764  
**Tel:** +91- 40 - 23730240  
**Fax:** +91- 40 - 23730013  
**Website:** [www.divyashakti.com](http://www.divyashakti.com)  
**Email:** [info@divyashakti.com](mailto:info@divyashakti.com)

## **POLICY ON MATERIAL SUBSIDARY**

## DIVYASHAKTI GRANITES LIMITED

### Policy on Material Subsidiary

(Amended on 30th May, 2016)

#### **Purpose and Scope:**

While the Company has no "Material Subsidiary" at present, in accordance with the provisions of Regulation 24 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors of your Company has formulated this policy for determining 'material' subsidiaries of the Company.

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

This Policy will be applicable to the Company effective 1<sup>st</sup> October 2014.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued there under, as amended, from time to time.

#### **Guiding Principles:**

"Material subsidiary" of the Company would be identified, which would include, if any:

- ✓ Material listed Indian & foreign subsidiaries
- ✓ Material non listed foreign subsidiary

as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of Directors of the Company.

**"Material Non-listed Indian subsidiary"** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid 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.

#### **Identification of Material Subsidiary**

The Material Non-listed Indian subsidiary of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.

## **Disposal of Material Subsidiary**

The Company shall not:

- a. Dispose of 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 such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b. Sell, dispose off and lease assets amounting to more than 20 per cent 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.

## **Governance Framework**

- i. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- ii. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- iii. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and Agreements entered into by the unlisted subsidiary company.
- iv. One Independent Director of the Company shall be a director on the Board of the Material Non-listed Indian Subsidiary Company.

## **Disclosures:**

The Policy for determining material subsidiaries is displayed on the Company's website at [www.divyashakti.com](http://www.divyashakti.com) and a web link shall be provided in the Annual Report of the Company.

## **Policy Review:**

This Policy is subject to review as may be deemed necessary and in accordance with any regulatory amendments.

## **Amendments:**

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.