

DALMIA REFRACTORIES LIMITED

Policy on Material Subsidiaries

(Amended in the Board Meeting held on 08.02.2018)

1. OBJECTIVE & LEGAL FRAMEWORK

The objective of the Policy is to determine the Material Subsidiaries of Dalmia Refractories Limited ("**Company**") and to provide the governance framework in relation to such subsidiaries.

The Board of Directors of the Company is obliged to formulate a policy for determining its material subsidiaries to ensure compliance with the requirements mentioned under regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").

2. DEFINITIONS

"Act" means the Companies Act, 2013 and rules made thereunder.

"Audit Committee" means the audit committee of the Company constituted by the Board of Directors of the Company under the provisions of the SEBI Listing Regulations and the Act, from time to time.

"Board of Directors" or **"Board"** means the board of directors of the Company, as constituted from time to time.

"Company" means the Dalmia Refractories Limited.

"Independent Director" means an Independent Director as defined in Section 2(47) of the Act read with Regulation 16(1)(b) of the SEBI Listing Regulations.

"Material Subsidiary" means a Subsidiary of the Company, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“Policy” means this policy of the Company for determining a Material Subsidiary.

“Subsidiary Company” or **“Subsidiary”** means a company that falls within the definition provided in Section 2(87) of the Act with respect to the Company.

“Significant transaction or arrangement” with respect to a Subsidiary means any individual transaction or arrangement that exceeds or is likely to exceed the threshold prescribed in Regulation 24(4) of the SEBI Listing Regulations.

3. COMPLIANCES WITH RESPECT TO UNLISTED SUBSIDIARY COMPANIES

- (a) The Audit Committee of the Company shall review the financial statements, in particular the investments made by, its unlisted Subsidiary Companies;
- (b) The minutes of the Board meetings of the unlisted Subsidiary Companies shall be placed at the Board meeting of the Company;
- (c) The management of the unlisted Subsidiary Companies shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant transactions or arrangements entered into by the Subsidiary Company.
- (d) The Company shall include particulars of its Subsidiary Companies in its annual return and prepare and publish financial statements of such Subsidiaries in accordance with applicable laws.

4. COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARY COMPANIES

- (a) The Company shall not dispose of shares in any of its Material Subsidiaries which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 50% (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 disinvestment is made under a scheme of arrangement duly approved by a court/tribunal;

- (b) The Company shall not sell, dispose and lease assets amounting to more than 20% (twenty percent) of the assets of any of its Material Subsidiaries on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its general meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal.

5. COMPLIANCE WITH RESPECT TO MATERIAL NON-LISTED INDIAN SUBSIDIARY

At least one independent director on the Board of Directors of the Company shall be a director on the board of directors of its Material Subsidiaries that are incorporated in India.

6. GENERAL

- (a) If the Company has a Subsidiary which is also listed, then this Policy shall apply to such Subsidiary in so far as its subsidiaries are concerned.
- (b) The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.