

DIL LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

[Pursuant to Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Preamble:

Pursuant to the provisions of Clause (c) of sub-regulation (1) of Regulation 16 of the newly Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be enacted or amended from time to time (Listing Regulations), the Company's Board of Directors on the recommendation of the Audit Committee has formulated and adopted this policy (in substitution of the existing Policy for determining Material Subsidiaries).

2. Applicability:

The Policy is effective from December 01, 2015.

3. Definitions:

- (i) **"Act"** means Companies Act, 2013 including any statutory modification or re-enactment thereof.
- (ii) **"Company"** means DIL Limited (CIN: L99999MH1951PLC008485).
- (iii) **"Holding Company"** is as defined under Section 2(46) of the Act.
- (iv) **"Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (v) **"Subsidiary Company"** is as defined under Section 2(87) of the Act.
- (vi) **"Significant Transaction or Arrangement"** means the significant transaction or arrangement as defined in Regulation 24 (4) of the Listing Regulations.
- (vii) Any other term not defined herein, shall have the same meaning ascribed to it, as defined under the Companies Act, 2013 or the Rules made thereunder, Act, Rules and Regulations framed by the SEBI or any other relevant legislation/regulation applicable to the Company.

4. Identification of Material Subsidiary:

- (i) **"Material Subsidiary"** - A Subsidiary shall be considered as material if:

- a) the Investment by the Company in the Subsidiary, exceeds 20% (twenty per cent) of consolidated net worth of the Company, as per the audited balance sheet of the previous financial year; or
 - b) the Subsidiary has generated 20 % (twenty per cent) of the consolidated income of the Company during the previous financial year.
- (ii) **“Material non-listed Indian Subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.
- (iii) The management of the Company shall place before the Board, the list of such Subsidiary(ies) together with the details of materiality defined herein, on an annual basis.

5. Governance framework:

- (i) One independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material non-listed Indian Subsidiary.
- (ii) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
- (iii) The minutes of the Board meetings of the unlisted Subsidiary Company shall be placed at the Board meeting of the Company.
- (iv) The management should periodically bring to the attention of the Board, a statement of Significant transaction or Arrangement entered into by the unlisted Subsidiary Company.
- (v) Other compliances as may be required by the Listing Regulations, the Act or any other applicable law.

6. Disposal of Material Subsidiary:

The Company, without passing a special resolution in its General Meeting, shall not:

- (i) dispose shares in Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; or
- (ii) dispose shares in the Material Subsidiary which would cease the exercise of control over such Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; or
- (iii) sell, dispose or lease the assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

7. Disclosure:

As prescribed under the revised Regulation 46(h) and Schedule V(c)-(10)(e) of the Listing Regulations, this Policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

8. Scope and Limitation:

In the event of any conflict between the provisions of this Policy and the Listing Regulations / Companies Act, 2013 or any other statutory enactments or rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments or rules shall prevail over this Policy.

9. Review of Policy:

Based on the recommendation of the Audit Committee, the Board may, from time to time amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, subject to the provisions of the applicable laws.

For DIL LIMITED

**SANJAY BUCH
CHAIRMAN**