

PRISM CEMENT LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Introduction

The Board of Directors (the “Board”) of Prism Cement Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy will supersede the Policy for Determining Material Subsidiaries previously adopted by the Board and will be applicable to the Company effective February 11, 2016. This Policy is in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (‘SEBI LODR’).

Policy Objective

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

Definitions

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI LODR and the Companies Act, 2013 and Rules thereto.

“**Board of Director(s)**” or “**Board**” means the Board of Directors of Prism Cement Limited, as constituted from time to time.

“**Control**” shall have the same meaning as assigned to it under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as may be amended from time to time.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI LODR.

“**Policy**” means Policy on Material Subsidiary.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed

entity and its subsidiaries in the immediately preceding accounting year [Regulation 16 (1) (c) of the SEBI LODR].

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 and Rules thereunder, the SEBI LODR, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Act or the Accounting Standards issued under section 133 of the Act shall have the meanings respectively assigned to them in those Acts / Accounting Standards. In the event, such words or expressions are defined at more than one place, then the meaning stricter of all should be assigned to them.

Policy

1. A subsidiary shall be considered as **Material** if the Income or Net worth of that subsidiary exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year

A list of such Material subsidiaries shall be presented to the Audit Committee annually for its noting.

2. Atleast one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the unlisted Material Subsidiary, incorporated in India.
3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company as under :
 - (i) For the unlisted material subsidiary on a quarterly basis; and
 - (ii) For other unlisted subsidiary company, on a quarterly basis in arrears, i.e. the financial statement for the quarter ending on June 30, shall be reviewed by the Committee at the meeting to be held for review of the financial statements of the Company for the quarter ending September 30.
 - (iii) Audited financial statements for all subsidiaries for the year ending March 31, shall be reviewed at the Committee meeting to be held for review of the consolidated accounts of the Company for the year ending March 31.

4. The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before the Board of the Company on a quarterly basis.
5. The management of the unlisted subsidiary shall, on a quarterly basis, bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company(s).
6. The management of the Company shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the unlisted Material Subsidiary, incorporated in India.

Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:

- a. dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b. sell, dispose and lease assets amounting to more than twenty percent 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.

Disclosures

The Policy for determining material subsidiaries shall be disclosed on the Company's website www.prismcement.com. and a web link thereto shall be provided in the Annual Report.

Amendment to the Policy

Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

Any or all provisions of this policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be

issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), notifications(s), circular(s), etc., issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), notifications(s), clarification(s), circular(s), etc.