

ANDREW YULE & COMPANY LIMITED

POLICY ON MATERIAL SUBSIDIARIES

I. INTRODUCTION

In terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed companies are required to formulate a Policy for determining Material Subsidiaries.

In keeping with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following Policy and Procedures with regard to determination of Material Subsidiaries has been formulated in order provided governance framework for such subsidiaries.

II. EFFECTIVE DATE

This Policy is effective from 9th February, 2017.

III. DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

"Audit Committee" means Audit Committee constituted by the Board of Directors of the Company from time to time, under the provisions of the Act, Listing Regulations and DPE Guidelines on Corporate Governance etc.

"Board of Directors" means the Board of Directors of the Company.

"Independent Director" means a Director of the Company as defined in terms of Section 149(6) read with Schedule IV of the Act, Regulation 16(b) of Listing Regulations and DPE Guidelines on Corporate Governance including any amendments as made thereon from time to time.

"Listing Regulations" mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

"Material Non-Listed Indian Subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. Paid-up Capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

"Policy" means Policy on Material Subsidiary.

"Significant Transactions" 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 material unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" shall be as defined under the Act and the Rules made thereunder including any statutory amendments made thereon from time to time.

"The Company" means Andrew Yule & Company Limited.

IV. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

For the purpose of compliance with Listing Regulation norms, a subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

V. GOVERNANCE MECHANISM OF MATERIAL SUBSIDIARIES

- i. At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- ii. The Audit Committee of the listed holding 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 listed holding company.
- iv. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- v. No company shall 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.
- vi. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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.
- vii. Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

VI. AMENDMENTS

The Policy may be amended by the Chairman & Managing Director of the Company from time to time subject to amendments as may be made in the Act, Listing Regulations, DPE Guidelines on Corporate Governance norms and any other statutory enactments in the Policy.

VII. DISCLOSURES

The Policy on determining Material Subsidiaries shall be disclosed on the Company's website www.andrewyule.com and a web link thereto shall be provided in the Annual Report of the Company.

VIII. MISCELLANEOUS

Any difficulties or ambiguities in the said Policy shall be resolved by the Board of Directors in line with the broad intent of the Policy. However, in case of any conflict between various regulations viz., the Act, Listing Regulations, DPE Guidelines etc. are irreconcilably inconsistent; the same may be referred to Board for resolution.