POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

LEGAL FRAMEWORK

The new clause under Listing Agreement extends certain principle of corporate governance to material subsidiaries of listed companies.

The Board of Directors of BVCL (the "Company") is obliged to formulate a policy for determining "material subsidiaries" to comply with the requirements of Clause 49 of the Listing Agreement for such material subsidiaries.

2. DEFINITIONS:

"Audit Committee" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and the Listing Agreement.

"Board of Directors" or **"Board"** means the Board of Directors of Barak Valley Cements Limited, as constituted from time to time.

"Company" means a company incorporated under the Companies Act, 2013 or any other previous company law.

"Independent Director" means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Agreement with the stock exchanges.

"**Policy"** means Policy on Material Subsidiary.

"Material Non-Listed Indian Subsidiary" mean a Material Subsidiary which is incorporated in India and which is not listed on any of the Indian Stock Exchanges.

"Significant Transaction or Arrangement" means 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 unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" shall mean a subsidiary as defined under the Companies Act, 2013.

3. IDENTIFICATION OF 'MATERIAL' SUBSIDIARY

A subsidiary shall be considered as 'material subsidiary' if its turnover or net worth exceeds 10 percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. If the subsidiary has generated 10% of the consolidated income of the company during the previous financial year.

4. COMPLIANCE AND GOVERNANCE STRUCTURE:

I. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

II. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.

III. The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company on a quarterly basis.

IV. The management shall on a quarterly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary.

V. The management 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 Material Non-Listed Indian Subsidiary.

VI. The Company, without the prior approval of the members by special resolution in General Meeting as may be prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges, shall not:

a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
b) Ceases the exercise of control over the Material Subsidiary;

VII. The Company shall not Sell, dispose of or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during an accounting year without obtaining prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by the Court / Tribunal.

5. MATERIAL MODIFICATION

"Material modification" means and includes any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

6. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special resolution, 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 or equal to 50% except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code; or
b) Cease the exercise of control over the subsidiary; or
c) Sell, dispose and lease the 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 or under a resolution plan duly approved under section 31 of the Insolvency Code.
d) Whereas the prior approval of the shareholders is not required for the sale, dispose and lease of more than twenty percent of material subsidiary, if the transaction is between two subsidiaries of the Company.

7. SECRETARIAL AUDIT

The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

8. DISCLOSURE:

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company (www.barakcement.com) and a web link thereto shall be provided in the Annual Report of the Company.

9. MISCELLANEOUS

The Board of Directors of the Company has adopted the Policy and procedure with regard to determining Material Subsidiaries as required under Clause 49 of the Listing Agreement. The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

10. INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning described to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.

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