

**BALKRISHNA INDUSTRIES
LIMITED**

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES**

PREFACE:

Policy Title	Policy for Determining Material Subsidiaries
Version Number	1.1
Effective Date	2 nd August, 2014
Authorised by	Board of Directors
Number of Revisions	1 (One)
Last Revised Date	17 th May, 2018

Introduction

In accordance with the Regulation 16, 24 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (“Listing Regulations”) as amended from time to time, every Listed Company has to formulate a policy for determining ‘material’ subsidiaries and such policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report of the Company. Accordingly, the Company has formulated this policy and procedures with regard to determination of ‘material subsidiaries’ of the Company.

Scope

This Policy sets out the criteria for determining material subsidiaries.

Policy

- A subsidiary shall be considered as 'material subsidiary' if –
 - the Income of the Subsidiary Company exceeds 20% of consolidated income of Holding Company and its Subsidiary as per the audited balance sheet of the previous financial year; or
 - the Networth of the Subsidiary has exceed 20% of consolidated Net-Worth of Holding Company and its Subsidiary as per the audited balance sheet of the previous financial year.
- The Company shall classify the subsidiaries of the Company as ‘material’ based on the networth and income criteria as prescribed above or as per Listing Regulations amended from time to time.
- In terms of Regulation 24 of Listing Regulations as amended from time to time, atleast **One Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

- The management shall on a periodic 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 material subsidiary company.

Explanation: In terms of Regulation 24 of Listing Regulations as amended from time to time, “Significant Transaction 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.

Disposal of Material Subsidiary

- The Company, without the prior approval of the members by Special Resolution, shall not:
 - a. dispose shares in Material Subsidiaries 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 Subsidiary; or
 - c. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary

Explanation: In case where divestment / sale / disposal / lease is made under a scheme of arrangement duly approved by a Court / Tribunal, no special resolution of the shareholders will be required to be passed.

Compliance

The Policy shall be uploaded on the website of the Company at www.bkt-tires.com and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.
