

FOCUS

LIGHTING & FIXTURES LTD.

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES**

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1. Introduction:

In accordance with the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated this policy for determining material subsidiary of the Company.

2. Purpose and Scope:

This Policy will be used to determine the Material Subsidiary / Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

3. Policy:

A subsidiary shall be considered as 'Material Subsidiary' whose income or net-worth exceeds ten (10) percent of the consolidated income or net-worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

This Policy shall be implemented as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time.

4. Governance Framework:

- The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board Meetings of the unlisted subsidiary company shall be placed before the Board of Directors of the Company.
- The Management of the unlisted subsidiary shall periodically 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 company.

A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed ten (10) percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.

- At least one Independent Director of the Company shall be the director on the Board of the unlisted material subsidiary company, whether incorporated in India or not.
- The Company shall obtain prior approval of shareholders by way of shareholders by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than fifty (50) percent or the Company ceases the exercise of control over such subsidiary;

Such approval shall not be required if the disinvestment is:

- under a scheme of arrangement duly approved by a Court/Tribunal.
 - under a resolution plan approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- The Company shall obtain prior approval of shareholders by way of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than twenty (20) percent of the assets of the material subsidiary on an aggregate basis during a financial year;

Such approval shall not be required, if such sale, disposal, lease of assets is:

- under a scheme of arrangement duly approved by a Court/Tribunal.
 - under a resolution plan approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and shall be annexed with the Annual Report of the Company.

5. **Policy Review:**

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.