

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.

The Board of Directors (“the Board”) of the Company at its meeting held on February 10, 2022 accorded approval for amendment of “Policy for Determining Material Subsidiaries”. The Board shall review, and if found required, may amend this Policy from time to time.

This Policy will be applicable to the Company with effect from 24th November, 2021 since on the said date the Company migrated from SME Platform of NSE to Main Board of NSE.

2. Purpose and Scope:

This Policy will be used to determine the Material Subsidiaries and material unlisted Indian 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.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

3. Definitions:

“**Audit Committee**” or “Committee” constituted by the Board of Directors of the Company, from time to time, under the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 and the Section 177 of the Companies Act, 2013.

“**Board of Directors**” or “Board” means the Board of Directors of Focus Lighting and Fixtures Limited.

“**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 Listing Regulations.

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

“Material Subsidiary” shall mean a Subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“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 Subsidiary for the immediately preceding accounting year.

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

4. 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 listed entity 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.

5. Governance Framework:

- The Audit Committee of the Company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary.
- The minutes of the meetings of the Board of Directors of the unlisted subsidiary 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.
- At least one Independent Director of the Company shall be a director on the Board of the unlisted material subsidiary, whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “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.

- The Company, without passing a special resolution in its General Meeting, shall not: -
 - i. Dispose off shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty) or;
 - ii. Cease the exercise of control over the subsidiary;
 - iii. Sell, dispose and lease any of its assets amounting to more than 20% (twenty) of the assets of the material subsidiary on an aggregate basis during a financial year.

Except:

- a) in cases where such divestment, sale, disposal, lease of assets is made under a scheme of arrangement duly approved by a Court/ Tribunal, or;
 - b) under a resolution plan duly 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 annex a Secretarial Audit Report, given by a company secretary in practice, in such form as specified with the Annual Report of the Company.

6. Disclosures:

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

7. Policy Review:

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.