

Policy for Determining Material Subsidiaries

Title:

This Policy shall be called 'Policy for determining Material Subsidiaries'.

Objective:

- a. This Policy is framed in accordance with the requirement of revised clause 49 of the listing agreement (including any amendments thereof) and is intended to ensure governance of material subsidiary companies.
- b. The Company is required to disclose the policy on its website.

Definitions:

- a. "Board" means the Board of Directors of Le Merite Exports Limited.
- b. "Company" means Le Merite Exports Limited.
- c. "Policy" means this Policy, as amended from time to time.
- d. Material Subsidiary(ies):

A subsidiary shall be considered as material if:

The investment of the Company in the subsidiary exceeds twenty percent of its consolidated net worth as per the audited balance sheet of the previous financial year; or

The subsidiary has generated twenty percent of the consolidated income of the Company during the previous financial year.

e. A "Material Non-listed Indian Subsidiary(ies)" shall mean an unlisted subsidiary the Company, 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 Company and its subsidiaries in the immediately preceding accounting year.

f. "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 maybe, of the material unlisted subsidiary for the immediately preceding accounting year.

Policy:

- a. The Company shall in each financial year review the list of Material Subsidiaries (including non-listed) for any inclusions/ additions/ deletions.

Le Merite Exports Limited.



b. The review referred to in (a) above shall be carried out by the Board at their meeting in which the financial results for the immediately concluded financial year are placed for its consideration and approval,

c. The management will place before the Board at each of its meeting referred to in b) above, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

d. The audit committee of the Company shall review the financial statements, in particular the investments made by the unlisted subsidiary company.

e. The minutes of the meetings of the Board of Directors/ Shareholders of all the subsidiaries whether material or not would be placed before Board at its meetings.

f. Disposal of shares of the Material Subsidiary that would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50% or tend to cease the control over the subsidiary would require the prior approval of the shareholders of the Company by way of a special resolution except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal. Therefore, neither Board nor any committee of the Board or any officer of the Company will approve any sale or disposal of shares or enter into any contract or arrangement or make any commitment binding the Company for sale or disposal of the shares or cessation of control of any material subsidiary to less than 50%, without getting the prior consent of the shareholders.

g. Neither the Board, nor any committee of the Board nor any officer of the Company will approve any selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without seeking the prior approval of the shareholders by way of a special resolution, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a court/ tribunal.

h. The Company shall ensure that the board of directors of each Material Unlisted Indian Subsidiary consists of at least one of the Company's independent directors.

Amendments: The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, subject to the same being in compliance with clause 49 of the listing agreement.

Interpretation: Any words used in this policy but not defined herein shall have the same meaning ascribed 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.