

PRISM JOHNSON LIMITED
(FORMERLY PRISM CEMENT LIMITED)

CIN : L26942TG1992PLC014033

Registered Office : 305, Laxmi Niwas Apartments, Ameerpet, Hyderabad – 500 016.

Corporate Office : “Rahejas”, Main Avenue, V. P. Road, Santacruz (West), Mumbai – 400 054

POLICY ON MATERIAL SUBSIDIARIES

Introduction

The Board of Directors (the “Board”) of Prism Johnson Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy was applicable to the Company effective October 1, 2014 pursuant to the terms of the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI LODR’).

The Policy is amended pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The amended Policy will be effective from April 1, 2019.

Policy Objective

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

Definitions

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI LODR and the Companies Act, 2013 (‘the Act’), as amended from time to time.

“**Board of Director(s)**” or “**Board**” means the Board of Directors of Prism Johnson Limited, as constituted from time to time.

“**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 Act and the SEBI LODR, as amended from time to time.

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

“**Management**” means the Managing Director/Executive Director & CEOs/Chief Executive Officers/Chief Financial Officer/Company Secretary of the Company.

“**Material Subsidiary**” shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company 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 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 be as defined under the Act and the Rules made thereunder.

Words and expressions used and not defined in this Policy but defined in the SEBI LODR, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Act or the Accounting Standards issued under section 133 of the Act shall have the meanings respectively assigned to them in those Acts / Accounting Standards. In the event, such words or expressions are defined at more than one place, then the meaning stricter of all should be assigned to them.

Policy

1. A subsidiary shall be a **Material Subsidiary**, if the income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year
2. One **Independent Director** of the Company shall be a Director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this Clause, notwithstanding anything to the contrary contained in this Policy, 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 Company and its subsidiaries in the immediately preceding accounting year.”

3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company as under :
 - (i) For the unlisted material subsidiary company on a quarterly basis; and
 - (ii) For other unlisted subsidiary company, on a quarterly basis in arrears, i.e. the financial statement for the quarter ending on June 30, shall be reviewed by

the Committee at the meeting to be held for review of the financial statements of the Company for the quarter ending September 30.

- (iii) Audited financial statements for all subsidiaries for the year ending March 31, shall be reviewed at the Committee meeting to be held for review of the consolidated accounts of the Company for the year ending March 31.
- 4. The minutes of the Meetings of the Board of Directors of the unlisted subsidiary companies shall be placed before the Board of Directors of the Company on a quarterly basis.
- 5. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- 6. 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 on the Board of the unlisted material subsidiary, whether incorporated in India or not.

Disposal of Material Subsidiary

- a. The Company shall not dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment 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 and such an event is disclosed to the recognised stock exchanges.
- b. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, 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 and such an event is disclosed to the recognised stock exchanges.

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, in such form as may be specified with effect from the year ended March 31, 2019.

Disclosures

The Policy for determining material subsidiaries is to be disclosed on the Company's website www.prismjohnson.in and a web link thereto shall be provided in the Annual Report.