

CMI LIMITED

CIN: L74899DL1967PLC018031

REGISTERED OFFICE:

501-503, NEW DELHI HOUSE, 27,

BARAKHAMBA ROAD, NEW DELHI-110001

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

CMI LIMITED

Code of Ethics for Board Members and Senior Management Personnel

I. Introduction

The Board of Directors (“the Board”) of CMI Limited has adopted the Policy on Material Subsidiaries in their Board Meeting held on **May 27, 2016** to comply with the provisions of Regulation 16 1 (c) of the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 (‘LODR’).

Any subsequent amendment/modification in the SEBI LODR and/or other applicable laws in this regard shall automatically apply to this policy.

II. Policy Objective

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

III. Identification of ‘Material’ subsidiary

Material Subsidiary shall mean an unlisted Indian subsidiary whose income or net worth exceeds 20 per cent of its consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

IV. Governance framework:

- (i) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
- (ii) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- (iii) The management 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.
- (iv) One Independent Director of the Company shall be a director on the Board of the Material Non Listed Indian Subsidiary Company.

V. Disposal of Material Subsidiary:

The Company shall not:

- a. dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% 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.

- b. sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

VI. Policy Review:

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