

POLICY ON MATERIAL SUBSIDY

1. introduction

The Board of Directors (“the Board”) of the Galaxy Agrico Exports Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined below. This policy will be applicable to the Company effective from year 2014-15

2. Purpose of Policy

This policy is framed as per the requirement of Revised Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges and intended to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

3. Applicable Definition

All the definition which is provided in The Companies Act, 2013 and Listing agreement is applicable to the policy

4. Material Non-Listed Indian Subsidiary

Material Non-Listing Company shall mean an unlisted subsidiary, 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 listed holding company and its subsidiaries in the immediately preceding accounting year.

5. Significant transaction or arrangement

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 material unlisted subsidiary for the immediately preceding accounting year.

6. Policy

- I. A subsidiary shall be a “Material” subsidiary, if:
 - a) Investment of the Company in the subsidiary exceeds 20% of its consolidated net worth, as per the audited balance sheet of the previous financial year; or
 - b) Subsidiary has generated 20% of the consolidated income of the Company during the previous financial year.

- II. One independent director of the Company shall be a director on the Board of the material non-listed Indian subsidiary company.
- III. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the non-listed subsidiary company on an annual basis.
- IV. The minutes of the Board meetings of the non-listed subsidiary company shall be placed before the Board of the Company on a half yearly basis.
- V. The management shall on a half yearly basis bring to the attention of the Board of the Company, a statement of all 'Significant transactions and arrangements' entered into by the unlisted subsidiary company.
- VI. The management shall present to the Audit Committee on an annual basis, a list of such subsidiaries together with the details of the materiality defined herein. The Committee shall review the same and make suitable recommendations to the Board, including but not limited to, recommendation for appointment of Independent Director on the Board of Material Non-Listed Indian Subsidiary Company.

7. Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:

- a) Dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Cease the exercise of control over the Material Subsidiary; or
- c) Sell, dispose or lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year.

8. Disclosure

The Policy for determining Material Subsidiaries shall be disclosed on the website of the Company at www.punjilloyd.com and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.