



BHAGWATI

BHAGWATI AUTOCAST LIMITED

(CIN: L27100GJ1981PLC004718)

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POLICY ON DETERMINING OF MATERIAL SUBSIDIARY

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1. INTRODUCTION

The Securities and Exchange Board of India (SEBI) on 2nd September, 2015 issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Regulations”) (amended from time to time) with the aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI Regulations/Circulars.

In terms of Regulation 16(1)(c) of the Regulations, the Company is required to formulate and implement a policy for determining ‘material’ subsidiaries. The Board of Directors of Bhagwati Autocast Limited (the “Company”) has approved and adopted the following policy and procedures with regard to determination of material subsidiary (ies) in its meeting held on 18th June, 2020 while applicable Corporate Governance norms to the Company.

2. POLICY OBJECTIVES

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3. DEFINITIONS

“Audit Committee or Committee” means the “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges and the Companies Act, 2013.

“Board of Director” or “Board” means the Board of Directors of the Company, as constituted from time to time.

“Company” means Bhagwati Autocast Limited.

“Control” shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Independent Director” shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

“Net Worth” means net worth as defined in section 2(57) of the Companies Act, 2013.

“Material non-listed Indian subsidiary” means an unlisted subsidiary, incorporated in India, whose Income or net worth exceeds 10% of the consolidated income or net worth respectively of the listing holding company and its subsidiaries in the immediate preceding accounting year.

“Material subsidiary” includes a subsidiary incorporated outside India.

“Unlisted Subsidiary” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

“Subsidiary” shall be as defined under section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

“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.

4. DETERMINATION OF MATERIAL SUBSIDIARY

A Subsidiary of the Company (including foreign subsidiary) shall be considered as a ‘Material Subsidiary’, if the income or net worth of the Subsidiary exceeds 10% of consolidated income or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding financial year.

The Company shall, on formation of a Subsidiary, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

5. GOVERNANCE FRAMEWORK

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
- b. The minutes of the Board meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the Company.
- c. Atleast one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of unlisted Material Subsidiary, incorporated in India.
- d. It shall be quarterly brought to the notice of the Board of the Company, a statement of all Significant Transaction or Arrangement entered into by the Unlisted Subsidiary/ies.

6. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- a. 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 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 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without obtaining 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.

7. POLICY REVIEW

The Board of Directors or Committee so authorized for this purpose shall have power to review and amend the Policy from time to time.

If there be any inconsistency between the terms of the Policy and the SEBI Listing Regulations, the provisions of the SEBI Listing Regulations shall prevail.

Any amendments to the SEBI Listing Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.

8. DISCLOSURES

This policy shall be disclosed on the website of the Company www.bhagwati.com and a web link/ address thereto shall be provided in the Annual Report of the Company.