



## **BHANSALI ENGINEERING POLYMERS LIMITED**

### **Policy on Material Subsidiaries**

#### **1. Preface**

The Board of Directors of Bhansali Engineering Polymers Limited ('Company') has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

#### **2. Objective of the Policy**

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI LODR') (including any amendments thereof).

#### **3. Definitions**

- a. **"Act"** means the Companies Act 2013 as may be amended from time to time.
- b. **"Audit Committee"** or **"Committee"** means a Committee of Directors of the Company, as constituted from time to time under Section 177 of the Act and SEBI LODR.
- c. **"Board of Directors"** or **"Board"** means the Board of Directors of the Company, as constituted from time to time.
- d. **"Independent Director"** means a Director of the Company, not being a Whole-time Director and who is not a Promoter or member of Promoter Group of the Company or its Holding, Subsidiary or Associate Company and who satisfies other criteria for independence prescribed under the Act and SEBI LODR.
- e. **"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity 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 ten percent (10%) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the Unlisted Subsidiary Company for the immediately preceding Accounting Year.
- g. **"Subsidiary Company"** means the Subsidiary Company as defined under the Companies Act, 2013 and the Rules made thereunder.

#### **4. Compliance to be done by the Company**

The Company is required to comply with following:

- a. The Company shall appoint at least one Independent Director of the Company on the Board of its Unlisted Material Subsidiary, whether incorporated in India or not.

**Explanation:** For the aforesaid purpose, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent (20%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by its Unlisted Subsidiary Company/ies.
- c. The Minutes of the Board Meeting/s of the Unlisted Subsidiary Company/ies shall be placed before the Board of the Company.
- d. The Management of the unlisted Subsidiary Company/ies 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 Company.
- e. The Company, without the prior approval of the Members by a Special Resolution, shall not:
  - i. dispose of its shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%); or ceases the exercise of control over the Subsidiary/ies except in cases where disinvestment is made under a scheme of arrangement duly approved by a Court /Tribunal; or
  - ii. sell, dispose or lease the assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court or Tribunal.

## **5. Communication of this Policy**

This Policy shall be posted on the web-site of the Company and a web link thereto shall be provided in the Annual Report of the Company.

## **6. Policy Review**

This Policy shall be subject to review as may be deemed necessary and in accordance with the regulatory requirements, as may be prescribed from time to time.