



## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **A. INTRODUCTION**

This Policy for Determining Material Subsidiaries (“Policy”) has been formulated by Bharat Wire Ropes Limited (“BWRL” or “the Company”) in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”).

This Policy provides the framework for determination and governance of material subsidiaries of the Company.

This Policy shall come into effect from the date approved by the Board of Directors and shall remain in force until modified or amended by the Board.

### **B. DEFINITIONS**

For the purpose of this Policy, unless the context otherwise requires:

#### **i. Audit Committee**

“Audit Committee” means the Committee constituted by the Company pursuant to Section 177 of the Companies Act, 2013 (“Act”) and Regulation 18 of the SEBI LODR Regulations.

#### **ii. Board**

“Board” means the Board of Directors of the Company.

#### **iii. Control**

“Control” shall have the meaning assigned to it under the Companies Act, 2013 and rules made thereunder.

#### **iv. Insolvency Code**

“Insolvency Code” means the Insolvency and Bankruptcy Code, 2016.

#### **v. Material Subsidiary**

“Material Subsidiary” means a subsidiary whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

#### **vi. Net Worth**

“Net Worth” means the aggregate value of the paid-up share capital and all reserves created out of profits, securities premium account and debit or credit balance of the profit and loss account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous



expenditure not written off, as per the audited balance sheet, but excluding reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

**vii. Subsidiary**

“Subsidiary” shall have the meaning assigned to it under Section 2(87) of the Companies Act, 2013.

**viii. Significant Transaction or Arrangement**

“Significant Transaction or Arrangement” means any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

**ix. Turnover**

“Turnover” means the gross amount of revenue recognized in the profit and loss account from the sale, supply or distribution of goods or services rendered, or both, by a company during a financial year.

**x. Unlisted Subsidiary**

“Unlisted Subsidiary” means a subsidiary whose securities are not listed on any recognized stock exchange in India.

Any words or expressions used but not defined in this Policy shall have the meanings assigned to them under the Companies Act, 2013, SEBI LODR Regulations, and the rules, regulations, circulars, notifications or amendments issued thereunder from time to time.

**C. POLICY**

**i.** The management shall place before the Audit Committee, on an annual basis, a list of all subsidiaries including material subsidiaries, if any, at the first meeting held after commencement of every financial year in which the financial statements for the previous financial year are approved.

**ii.** The Audit Committee shall recommend to the Board the appointment of at least one Independent Director of the Company on the Board of the material subsidiary, whether incorporated in India or outside India.

**Explanation:**

For the purpose of this clause, “Material Subsidiary” shall mean a subsidiary whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**iii.** The minutes of the Board Meetings of the unlisted subsidiaries shall be placed before the Board of the Company periodically.

**iv.** The Audit Committee shall review the financial statements of the unlisted subsidiary companies, particularly the investments made by such subsidiaries.

**v.** A statement containing all Significant Transactions and Arrangements entered into by the unlisted subsidiary companies shall be placed periodically before the Board for its review.



**vi.** The Audit Committee shall review the utilization of loans and/or advances from, or investments made by, the Company in the subsidiary exceeding Rs.100 crore or 10% of the asset size of the concerned subsidiary, whichever is lower, including existing loans, advances and investments.

**vii.** All transactions between the Company and its subsidiary (ies) shall be governed by the Company's Policy on Related Party Transactions and applicable laws.

**viii.** The Company and its material subsidiaries incorporated in India shall undertake secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex the Secretarial Audit Report with the annual report in such form as prescribed by SEBI from time to time.

**ix.** The Company shall not, without prior approval of the members by way of Special Resolution:

**a.** dispose of shares held in its material subsidiary resulting in reduction of its shareholding (either by itself or together with other subsidiaries) to less than or equal to fifty percent, or resulting in cessation of control over such subsidiary.

Provided that prior approval of shareholders shall not be required where such disposal of shares, cessation of control, sale, disposal or lease is pursuant to:

- a scheme of arrangement duly approved by a Court or Tribunal; or
- a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016,

and such event is disclosed to the stock exchange(s) within one day of approval of the resolution plan.

**b.** sell, dispose of or lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year.

Provided that prior approval of shareholders shall not be required where such sale, disposal or lease is pursuant to:

- a scheme of arrangement duly approved by a Court or Tribunal; or
- a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016,

and such event is disclosed to the stock exchange(s) within one day of approval of the resolution plan.

Further provided that this clause shall not apply where the sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company.

**x.** The Company shall place on its website the separate audited financial statements of each of its subsidiaries.

**xi.** The Company shall disclose all material events or information concerning its subsidiaries in accordance with Regulation 30 of the SEBI LODR Regulations.



#### **D. GOVERNANCE MECHANISM**

This Policy shall be implemented and monitored by the Audit Committee of the Board. The Audit Committee shall oversee compliance with this Policy and may seek such information, documents, explanations or clarifications from the management as may be required.

#### **E. AMENDMENT**

**i.** This Policy may be amended, modified or revised from time to time in line with amendments to the Companies Act, 2013, SEBI LODR Regulations, or any other applicable law, or as may be approved by the Board. The Policy shall be reviewed by the Board at least once every three years.

**ii.** In the event of any inconsistency between this Policy and the applicable provisions of the Companies Act, 2013, SEBI LODR Regulations, or any statutory enactment, the provisions of such laws and regulations shall prevail. Any subsequent statutory amendment or modification shall automatically apply to this Policy.