



BHAGWATI

BHAGWATI AUTOCAST LIMITED

(CIN: L27100GJ1981PLC004718)

Regd. Office & Works: Survey No. 816, Village-Rajoda, Near Bavla, Dist. Ahmedabad – 382 220, Gujarat, India

Phone: +91 2714 232283 / 232983 / 232066

E-mail: autocast@bhagwati.com, autocast@bhagwati.co.in • Website: www.bhagwati.com

POLICY ON DETERMINING OF MATERIAL SUBSIDIARY

1. PREAMBLE

In terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated this policy for determining 'material' subsidiary(ies) of the Company. The Board of Directors of Bhagwati Autocast Limited (the "Company") has approved and adopted this policy and procedures with regard to determination of material subsidiary(ies) in its meeting held on 18th June, 2020. Thereafter, the Board of directors of the Company has revised and adopted this policy in its meeting held on 7th August, 2023.

2. DEFINITIONS

"Audit Committee or Committee" shall mean 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 and the Companies Act, 2013.

"Board of Director" or "Board" shall mean 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 defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

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

"Subsidiary" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

3. DETERMINATION OF MATERIAL SUBSIDIARY:

A Subsidiary shall be considered as a 'Material Subsidiary', if its income or net worth exceeds 10% of consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

4. 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 before the Board of Directors of the Company.

- c. The management of the unlisted subsidiary 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.
A transaction or arrangement shall be considered significant if it exceeds or is likely to exceed 10 percent of total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding financial year.
- d. At least one independent director of the Company shall be a director on the Board of unlisted Material Subsidiary company, whether incorporated in India or not.
For the purposes of this provision, notwithstanding anything to the contrary contained in Clause 3 above, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.
- e. The Company shall obtain prior approval of shareholders by way of special resolution, if any sale, disposal and leasing of assets amounting to more than 20 percent of the assets of the material subsidiary on an aggregate basis during a financial year;
Such approval shall not be required, if such sale, disposal, lease of assets is:
- under a scheme of arrangement duly approved by a Court/Tribunal, or
 - under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- f. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the annual report of the Company.

5. 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.

6. 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.