



## **BEDMUTHA INDUSTRIES LIMITED**



## **POLICY FOR DETERMINING MATERIAL SUBSIDIARY**



## **Policy for Determining Material Subsidiary**

### **A. BACKGROUND:**

The Securities and Exchange Board of India (“SEBI”) issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “**LODR Regulations**”) on September 02, 2015, effective from December 01, 2015, with an aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability.

Explanation to Regulation 16(1)(c) of the LODR Regulations requires every listed Company to formulate a Policy for determining material subsidiary.

Accordingly, the Board of the Directors of Bedmutha Industries Limited (the “**Company**”) had initially approved and adopted this “Policy for Determining Material Subsidiary” (“**Policy**”) of the Company on April 14, 2017.

Pursuant to the provisions of LODR Regulations as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the above Policy is to be revised in order to ensure conformity with the above amendments. Accordingly, the Board of Directors has approved and adopted this revised policy on 29<sup>th</sup> March 2019.

### **B. OBJECTIVES:**

This Policy is framed and adopted to determine the “Material Subsidiary(ies) of the Company” and to provide the Governance Framework for such Subsidiary(ies). In determining whether or not a subsidiary of the Company is or has become a material subsidiary, the Company shall be guided by and follow this Policy and the applicable provisions of the Regulations. Where there is a conflict between this Policy and the Regulations, the provisions of the Regulations shall prevail in making such determination.

### **C. DEFINITIONS**

In this Code, unless the context otherwise requires:

“**Audit Committee**” means the Committee constituted by the Board of Directors of the Company, from time to time, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the LODR Regulations.



**“Independent Director”** shall mean an Independent Director of the Company who satisfies the criteria of Independence under the Companies Act, 2013 & LODR Regulations, as amended from time to time.

**“Material Subsidiary”** shall have the meaning as defined in Regulation 16(1)(c) of the Regulations, as per which, it means a subsidiary, whose [turnover] or net worth exceeds [ten] percent of the consolidated [turnover] or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Note: A list of such material subsidiaries and material Non Listed Indian Subsidiaries if any, shall be presented to the Audit Committee annually for its noting

**“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 unlisted subsidiary for the immediately preceding accounting year.

**“Subsidiary”** shall have the same meaning as provided under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

**“Unlisted Subsidiary”** means subsidiary of the Company whose securities are not listed on any Stock Exchange(s) in India provided that where this term is defined (whether by way of definition, clarification or explanation) under the Regulations, it shall have the meaning as per such definition.

All terms used in the Policy, but not defined above shall have the meanings ascribed to them in the Act or the Regulations, as the case may be.

#### **D. GOVERNANCE FRAMEWORK**

- i. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the unlisted material subsidiary, whether incorporated in India or not.

**Explanation** - For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.



- iii. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
- iv. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary.

#### **E. DISPOSAL OF MATERIAL SUBSIDIARY**

The Company shall not dispose of shares in its material subsidiary resulting in reduction/dispose of its shareholding (either on its own or together with other subsidiaries) to less than or equal to **fifty percent** 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, 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.

Selling, disposing and leasing of assets amounting to **more than twenty percent** of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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, 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.

Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

#### **F. REVIEW AND AMENDMENTS TO THE POLICY:**

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority.

Any subsequent amendment / modification in the SEBI Listing Regulations or any other governing Act / Rules / regulations or re-enactment, circulars or clarification(s), impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.



#### **G. DISCLOSURE OF THE POLICY**

The Company shall disclose this Policy on its Website. The necessary disclosure, if any, about the policy will also be made as per the requirements of LODR Regulations and Companies Act 2013.

**Note:**

1. The Original Policy on the above topic was approved by the Board of Directors in their Meeting held on April 14, 2017 and revised on March 29, 2019.
2. The above Policy was further revised and approved by the Board of Directors in their Meeting held on February 12, 2025.

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