

BEARDSSELL LIMITED
CIN: L65991TN1936PLC001428
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

OBJECTIVE

The Policy is framed in accordance with the requirements of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations" (including any amendments thereof) to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

DEFINITIONS:

Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

- **"Board of Directors" or "Board"** means the Board of Directors of the Company as constituted from time to time.
- **"Company"** means Beardsell Limited.
- **"Independent Director"** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- **"Material Subsidiary"** is 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.
- **"Material Un-Listed Indian Subsidiary"** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- **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 mean a subsidiary as defined under the Act and Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities and Exchange Board of India Act, 1992 or any other applicable law or regulation.

POLICY PRINCIPLES

GOVERNANCE OF MATERIAL SUBSIDIARIES:

I. Review of list of Material subsidiaries

The list of Material subsidiaries of the Company shall be placed before the Audit Committee for their review on an annual basis.

II. Disposal of shares or assets of Material subsidiary

a. The Company shall not dispose of shares in the 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 / postal ballot.

b. The Company shall not sell, dispose of or lease out assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year without prior approval of shareholders by way of special resolution.

Provided that the provisions of Para II (a) & (b) shall not be applicable if the divestment or sale or disposal or 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.

III. Secretarial Audit

Material Unlisted Subsidiary incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

IV. Appointment of Independent Directors

Based on the recommendations of the Nomination and Remuneration Committee of the Company, the Board shall appoint at least one independent director of the Company on the Board of the Material Unlisted Subsidiary. For the purpose of the above provision "Material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

GOVERNANCE OF ALL SUBSIDIARIES:

V. Matters to be reviewed by the Board of Directors

- a. The minutes of the Board meetings of the Unlisted Subsidiaries.
- b. Statement of all significant transactions and arrangements entered into by the unlisted subsidiaries.
- c. A statement containing salient features of the financial statement of its subsidiaries and associate companies.

VI. Matters to be reviewed by the Audit Committee

- a. Financial statements of subsidiaries, in particular, the investments made by the unlisted subsidiaries.
- b. Any transaction between the Company and its subsidiary(ies) shall be entered into in accordance with the policy on dealing with related party transactions of the Company.

AMENDMENTS:

The policy is a public document and shall be uploaded on the website of the Company. The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.