

BHILWARA SPINNERS LIMITED

Policy on Determining Material Subsidiaries

1. INTRODUCTION

The Board of Directors of **Bhilwara Spinners Limited** has adopted the following policy and procedures with regard to determination of Material Subsidiaries in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

2. TITLE

This Policy shall be called 'Policy for determining Material Subsidiaries'.

3. OBJECTIVE

3.1 The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3.2 The Policy is framed in accordance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

4. DEFINITIONS

4.1 "**Board of Directors**" or "**Board**" means the Board of Directors of Bhilwara Spinners Limited, as constituted from time to time.

4.2 "**Company**" means Bhilwara Spinners Limited.

4.3 "**Independent Director**" means a director of the Company who meets the criteria envisaged under Section 149 of the Companies Act, 2013 read with Rules made thereunder and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable provisions, as amended from time to time.

4.4 "**Policy**" means this Policy, as amended from time to time.

4.5 "**Subsidiary**" shall mean a subsidiary as defined under the Companies Act, 2013 ("the Act") and Rules made thereunder.

4.6 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5. POLICY

5.1. A subsidiary shall be considered as Material if –

- The Subsidiary, whose Net Worth exceeds ten per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
- The Subsidiary, whose Turnover exceeds ten per cent of the consolidated Turnover of the Company and its subsidiaries in the immediately preceding accounting year.

5.2. Material Non-Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges and whose:

- Net worth exceeds 10% of the consolidated net worth of the Company and its subsidiaries as per the audited balance sheet of the immediately preceding accounting year; or
- Turnover exceeds 10% of the consolidated Turnover of the Company and its subsidiaries as per the audited balance sheet of the immediately preceding accounting year.

6. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

6.1. The Company, without passing a special resolution in its General Meeting, shall not: -

- i. Dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50%; or
- ii. Dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary; or
- iii. Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year.

6.2. However, the requirement of obtaining shareholders as aforesaid shall not apply in the following cases:

- i. if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company.
- ii. in cases where the divestment/ 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.

7. REQUIREMENT REGARDING INDEPENDENT DIRECTOR ON THE BOARD OF AN UNLISTED MATERIAL SUBSIDIARY

At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not. Such compliance shall continue till the unlisted Material Subsidiary is a Subsidiary of the Company.

For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, the term "Material Subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

8. DISCLOSURES

This Policy shall be disclosed on the Company's website.

9. AMENDMENTS

- 9.1. 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.
- 9.2. 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.

10. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.