

BANCO PRODUCTS (INDIA) LIMITED



Registered Office: Bil, Near Bhaili Railway Station,
Padra Road, Dist. Baroda - 391 410.
CIN: L51100GJ1961PLC001039

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES [Pursuant to Clause 16 (c) of Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

INTRODUCTION:

The Board of Directors ("the Board") of Banco Products (India) Limited ("the Company") has adopted the following policy for determining material subsidiaries.

This policy will be applicable to the Company. This policy is for determining material subsidiaries in terms of Regulation 16(c) of SEBI (Listing Obligation & Disclosure Rules) Regulations 2015.

This Policy may be amended at any time by the Board of Directors of the Company ("the Board") and is subject to further amendments, if any of Listing Regulations from SEBI or other Regulatory Authorities.

OBJECTIVE:

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

The Policy is framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

DEFINITIONS

"Subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.

"Material Subsidiary" Clause 16(c) of the Regulations defines "material subsidiary" as a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

"Board of Directors" means Board of Directors of the Company.

"Audit Committee" – means a committee of the Board of Directors of the Company as constituted under the relevant provisions of the Companies Act, 2013, and Listing Regulations, to function as a audit committee.

DETERMINING FACTORS OF MATERIALITY

The Company shall refer to the above definition of material subsidiary in determining whether a subsidiary is a material subsidiary of the Company or not.

FREQUENCY OF MATERIALITY TEST

The materiality test shall be applied every financial year upon finalization of the Audited Financial Statements of the Company.

REQUIREMENTS IN RELATION TO THE MATERIAL SUBSIDIARY COMPANY

The major statutory compliances inter alia includes the following:

- 1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- 2) 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 listed entity.
Explanation.- For the purpose of this regulation, the term “significant transaction or arrangement” shall mean 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 material subsidiary for the immediately preceding accounting year.
- 3) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 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.
- 4) 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.

AMENDMENTS:

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, as it may deem necessary.

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.

For Banco Products (India) Limited

Sd/-
Director