

# **Moser Baer India Limited**

## **Policy on Material Non-Listed Subsidiaries**

**(Effective from April 01, 2014)**

# **POLICY ON MATERIAL NON – LISTED SUBSIDIARIES**

## **LEGAL FRAMEWORK**

The new clause under Listing Agreement extends principle of corporate governance to material subsidiaries of listed companies. The policy on material subsidiaries has been formulated for determining “material subsidiaries” to comply with the requirements of Clause 49 of the Listing Agreement for such material subsidiaries.

## **OBJECTIVE**

The objective of this policy is to regulate the investments of Company in material subsidiaries and oversee the functioning of such subsidiaries based on the laws and regulations applicable on the Company.

## **SCOPE**

The material subsidiaries of the Company will be covered under this policy.

## **DEFINITIONS**

**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

**“Board”** means Board of Directors of the Company.

**“Company”** means Moser Baer India Limited.

**“Material Subsidiary”** means a Subsidiary in which the investment of the Company exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated 20% of the consolidated turnover of the Company during the previous financial year.

**“Material Non-Listed Indian Subsidiary”** means an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

**“Policy”** means Policy on material subsidiaries.

**“Significant Transaction or Arrangement”** means 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 Material unlisted subsidiary for the immediately preceding accounting year.

**“Subsidiary(ies)”** means subsidiary of the Company as defined in the Companies Act, 2013.

### **POLICY AND PROCEDURE**

The Board of the Company shall adopt the following policy and procedures with regard to Subsidiaries of the Company:

- i. At least one independent director on the Board of the Company shall be a director on the Board of Directors of a Material Non-Listed Indian Subsidiary Company.
- ii. The Audit Committee of the Company shall also review the financial statements of Subsidiaries, in particular, the investments made by the unlisted Subsidiary of the Company.
- iii. The minutes of the Board meetings of the unlisted Subsidiary company shall be placed at the Board meeting of the Company on an half yearly basis.
- iv. The management of the Company 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 non-listed subsidiary Company.
- v. The Company shall not dispose of shares in its Material Subsidiary which would reduce 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- vi. Selling, disposing and leasing of assets amounting to more than 20% 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.

**AMENDMENT OF POLICY**

The Board will review and may amend this policy from time to time.

=====