

# USHA MARTIN LIMITED

## POLICY FOR MATERIAL SUBSIDIARIES

### A) Introduction

The following Policy and procedures with respect to determining of Material Subsidiaries in accordance with the Regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 has been revised by the Board of Directors (Board) of the Company on 5<sup>th</sup> February, 2019 and has come into effect from the said date.

### B) Objective

This Policy has been framed for determination of material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### C) Definitions

- 1) Material Subsidiary: A subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 2) Net Worth: The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- 3) Insolvency Code: The Insolvency and Bankruptcy Code, 2016 [No. 31 of 2016].
- 4) Significant Transaction or Arrangement: 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 subsidiary for the immediately preceding accounting year.
- 5) Unlisted Subsidiary: A subsidiary which is not listed on any stock exchange(s) in India.

#### D) Policy

- 1) The management shall present to the Audit Committee annually a list of all subsidiaries including Material Subsidiary(s), if any.

The list of subsidiaries shall be prepared and placed before the Audit Committee at the first meeting held after the commencement of every financial year where financial statements of the previous financial year shall be approved.

- 2) The Audit Committee make suitable recommendations to the Board for appointment of at least one Independent Director of the Company on the Board of the Material Subsidiary(s).

*[Explanation: For the purpose of this clause, the term “Material Subsidiary” shall mean a subsidiary whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year]*

- 3) Minutes of the Board Meeting of unlisted subsidiary companies shall be placed at the Board Meeting of the Company on a periodical basis.
- 4) A statement of all Significant Transaction and Arrangement entered into by unlisted subsidiary companies should be placed before the Board of the Company every quarter.
- 5) Audit Committee of the Company shall review the financial statement and in particular the investments made by unlisted subsidiary companies.
- 6) The Company and its Material Subsidiary(s) incorporated in India shall undertake secretarial audit and annex with its annual report, the said secretarial audit report, given by a company secretary in practice, in such form as may be specified by the Securities Exchange Board of India.
- 7) The Company, without the prior approval of the members by Special Resolution, shall not :
  - a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
  - b) ceases the exercise of control over the Subsidiary; or

- c) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis.

Provided, that aforementioned approval of members by Special Resolution shall not be required if such disposal of shares, cessation of control, sale or disposal or lease of assets is made under a scheme of arrangement duly approved by a Court or Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the stock exchange(s) within one day of the resolution plan being approved.

#### E) Amendment

- 1) The Board may, on recommendation of the Audit Committee, review and amend this policy from time to time.
- 2) In case of any conflict between the clause(s) of this Policy, Companies Act 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Companies Act 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other statutory enactments shall prevail over this policy. Any subsequent amendment/ modification in Companies Act 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in this regard will automatically apply to this policy.