

# bajaj corp limited

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[Corporate Identity No.L01110RJ2006PLC047173](#)

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## **Policy on Material Subsidiaries**

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# Policy on Material Subsidiaries

## 1. Introduction

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) with the objectives to make the corporate governance framework more effective, necessitates all the listed companies to formulate a policy to determine material subsidiaries and also a policy on governance framework of such material subsidiaries of a listed company.

Accordingly, the Board of Directors (the “Board”) of Bajaj Corp Limited (the “Company” or “BCL”), has adopted a policy to determine material listed or non-listed Indian or foreign subsidiaries of the Company, wherever applicable, and complying with disclosure/other requirements regarding such subsidiaries.

## 2. Applicability and effective date

This Policy provides the governance framework for material subsidiaries of Bajaj Corp Limited. This policy will be applicable to the Company effective from September 26, 2014 and has been modified on April 12, 2016, effective from that date.

## 3. Scope and Purpose

This Policy has been framed in accordance with provisions of erstwhile Clause 49 of the Listing Agreement, as amended and effective from October 01, 2014 and has been amended by the Board of Directors to give effect to the provision of Listing Regulations.

This Policy will be used to determine the Material Subsidiaries of Bajaj Corp Limited and to provide the governance framework for such subsidiaries.

## 4. Definitions

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of (Listing Regulations) and The Companies Act, 2013.

“**Board of Director**” or “**Board**” means the Board of Directors of Bajaj Corp Limited, as constituted from time to time.

“**Company**” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“**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 Regulations.

“**Policy**” means Policy on Material subsidiary.

**“Material Non Listed Indian Subsidiary”** shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges

**“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 material unlisted subsidiary for the immediately preceding accounting year.

**“Subsidiary”** shall be as defined under the Companies Act, 2013 and the Rules made there under.

## **5. Policy**

### **5.1 Identification of “Material Subsidiary”**

1. A subsidiary shall be a Material Subsidiary, if its 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.

### **5.2 Governance Framework:**

1. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
2. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company.
3. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
4. The management shall bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
5. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non- Listed Indian Subsidiary.

## **6. Disposal of Material Subsidiary**

The Company, without the prior approval of the members by Special Resolution, shall not:

- a. 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 except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- b. Sell, dispose or lease out assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

## **7. Disclosures**

The Policy for determining material subsidiaries is to be uploaded at [www.bajajcorp.com](http://www.bajajcorp.com) and a web link thereto shall be provided in the Annual Report.

## **8. Policy Review and Amendments**

The Board of Directors reserves the power to review and amend this Policy from time to time. Any exceptions to the Policy on determination of Material Subsidiaries must be consistent with Listing Regulations and must be approved in the manner as may be decided by the Board of Directors.

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