

# *ANAND PROJECTS LIMITED*

*(Formerly Known as The Anand Electric Supply Company Limited)*

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**Corporate Identity Number:** L40109UP1936PLC048200

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## *POLICY TO DETERMINE MATERIAL SUBSIDIARY*

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**January 28, 2020**

# POLICY TO DETERMINE MATERIAL SUBSIDIARY

## PURPOSE

The Purpose of this Policy is to determine material subsidiaries and dealing with such material subsidiaries in accordance with the principle enshrined in the Companies Act, 2013 and Listing Agreement.

## DEFINITIONS

1. **Material non-listed Indian subsidiary** shall have the same meaning as per Clause 49- V of the listing agreement (and as amended from time to time); which presently reads as follows:

*“The term “material non-listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year”.*

2. **Material subsidiary** shall have the same meaning as per Clause 49- V of the listing agreement (and as amended from time to time); which presently reads as follows:

*“A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year”.*

3. **Significant transaction or arrangement** shall have the same meaning as per Clause 49- V of the listing agreement (and as amended from time to time); which presently reads as follows:

*“The term “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”.*

4. **The Regulations:** The Regulations refers to the applicable provisions of the Companies Act, 2013, read with the rules made under the Companies Act, 2013, Articles of Association, various corporate codes, regulations, policies, applicable guidelines-regulations from Securities and Exchange Board of India, listing agreement executed with the stock exchanges etc. (as amended from time to time).

## **PROCEDURES**

- (1) At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- (2) The Audit Committee of the listed holding company shall also 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 company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- (4) 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 the General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/ Tribunal.
- (5) 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.

## **INTERPRETATION**

This Policy is intended to comply with the Companies Act, 2013 and the listing agreement. Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such manner so as to comply with the Companies Act, 2013 and the listing agreement. Any word not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013 and the listing agreement, including any amendments thereto. In case any word or provision as appearing in this Policy is contrary to the meaning or provision as provided under the Companies Act, 2013 or the listing agreement, then the meaning or provision as provided under the Companies Act, 2013 / the listing agreement shall prevail.

This policy shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Policy.

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