



# AUSTIN ENGINEERING COMPANY LIMITED

Regd. Office & Works.

Patla, Ta. Bhesan, Via Ranpur (Sorath), Post Hadmatiya-362 030, Dist. Junagadh. (India)

Phones : (02873) 252223, 252267, 252268 Fax : (02873) 252225

CIN. L27259GJ1978PLC003179

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### **PURPOSE AND SCOPE:**

The policy for determining material subsidiary companies has been framed in as required under Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the words and expressions used in the policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in the absence of its definition or explanation therein, as per Companies Act, 2013 and Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

### **OBJECTIVE:**

The policy will be used to determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

### **DEFINITIONS:**

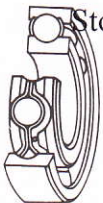
“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, in accordance with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“Board of Director” or “Board” means the Board of Directors of Austin Engineering Company 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 provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“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



Manufacturers of :  
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ISO 9001 : 2008  
ISO / TS 16949 : 2009  
ISO 14001 : 2004  
OHSAS 18001 : 2007

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“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 thereunder.

## POLICY CRITERIA:

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- Which have generated twenty per cent of the consolidated income of the Company during the previous financial year.

A Subsidiary shall be Material Unlisted Indian Subsidiaries if it is an unlisted subsidiary, incorporated in India, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Company shall at the end of each quarter, determine whether each of its subsidiary falls under the criteria for Material Subsidiary and Material Unlisted Subsidiaries defined above. In case any of the Subsidiaries fall under such criteria, the same is to be reported to the Board for its noting at first instance.

## COMPLIANCES:

- One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the subsidiary Company.
- The minutes of the Board Meetings of the Subsidiary Companies shall be placed before the Board of the Company.



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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 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.

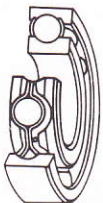
## DISCLOSURES AND AMENDMENTS:

1. The Compliance with the requirements of this policy is to be mentioned in the quarterly compliance report submitted to Stock Exchange.

2. The policy shall be disclosed on the website of the Company.

3. The Board of Directors or Committee so authorised for the purpose shall have the powers to review or amend any of the provisions of this Policy, substitute any of the provisions with a new provisions or replace this policy entirely with a new policy.

4. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this policy and further the objective of good corporate governance.



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