



ASTEC

ASTEC LIFESCIENCES LIMITED

CIN NO: L99999MH1994PLC076236

Registered Office: “Godrej One”, 3rd Floor, Pirojshanagar, Eastern Express Highway, Vikhroli (East),
Mumbai-400079, Maharashtra

Email: astecinvestors@godrejastec.com, **Website:** www.astecls.com,

Tel No: 022-2518 8010, **Fax:** 022-2261 8289

POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

Legal Framework

The Board of Directors of Astec LifeSciences Limited (the “Company”) has adopted the following policy and procedures with regard to determination of “Material Subsidiaries” in order to comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s), amendment(s) and re-enactment(s) thereof] (“Listing Regulations”). The Board may review this policy from time to time. This policy will be applicable to the Company effective from 1st October, 2014.

Definitions

1. **“Act”:** Act means Companies Act, 2013 & rules framed thereunder.
2. **“Board of Director” or “Board”:** Means the Board of Directors of Astec LifeSciences Limited, as constituted from time to time.
3. **“Holding Company”:** Holding Company in relation to one or more other companies, means a company of which such companies are subsidiary companies.
4. **“Investment”** means the investment made in the share capital of the Subsidiary Company.
5. **“Subsidiary Company”:** Subsidiary Company shall be as defined under the Companies Act, 2013 and the Rules framed thereunder.
6. **“Material non-listed Indian subsidiary”:** It shall mean an unlisted subsidiary, incorporated in India, whose income or net worth exceeds 20% of the Consolidated income or net worth respectively, of the listed holding company & its subsidiaries, in the immediately preceding accounting year.
7. **“Material Subsidiary”:** A subsidiary shall be considered as material if the investment of the company in the subsidiary 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 income of the company during the previous financial year.
8. **“Net Worth”** means the aggregate value of the paid-up share capital and all reserves created out of the profits and Securities Premium 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.

9. **“Significant transactions or arrangement”**: It 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 financial year.
10. **“Audit Committee”**: Audit Committee means the Committee formed under Section 177 of the Companies Act, 2013 by the Board of Directors of the Company, from time to time.

Guiding Principles

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

- a. 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
- b. Which have generated 20% of the consolidated income of the Company during the previous financial year.

“Material non-listed Indian subsidiary” of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.

Provisions with regard to Subsidiary Companies

- The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- 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 shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;
- Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Nothing contained in this clause, shall apply to a case:

- Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
 - Where the subsidiary company holds such shares as a trustee; or
 - Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
- The Company shall not directly/indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
 - The Company shall include particulars of its subsidiary companies in its annual return;
 - The Company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;

- The Company shall, along with its financial statements to be filed with the Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- The Company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the Company, who asks for it.

Provisions with regard to Material Non-listed Indian Subsidiary & Material Subsidiary Companies

- 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;
- 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 disinvestment is made under a scheme of arrangement duly approved by a court/tribunal;
- The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without the prior approval of the shareholders by way of passing special resolution at its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by court/tribunal.

Compliance by step down subsidiaries

Where a Company has a listed subsidiary which is itself a holding company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Disclosure and Communication of this Policy

This Policy shall be posted on the website of the Company www.astecls.com.
