

ANVESHAN HEAVY ENGINEERING LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1 INTRODUCTION:

The Board of Directors (the "Board") of Anveshan Heavy Engineering Limited (the "Company") has adopted on the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations').

The Board will review and may amend this policy from time to time.

2 PURPOSE:

The objective of this policy is to determine material subsidiaries of the Company and to provide governance framework for such subsidiaries.

3 APPLICABILITY AND GOVERNING LAW:

This policy will be applicable to the Company from the day it is adopted by the Board. This Policy on Material Subsidiaries shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as the Listing Regulations or such other Rules/Regulations, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4 KEY DEFINITIONS:

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

"Material Subsidiary" is a subsidiary that satisfies any of the following conditions:

a) In which the Investment of the Company, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or

b) have generated 20% of the consolidated income of the Company during the previous financial year

"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.

"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. The Companies Act, 2013 defines the term “Subsidiary Company” or “Subsidiary” in relation to any other company (that is to say the holding company), means a company in which the holding company –

- i. controls the composition of the Board of Directors; or
- ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.- For the purposes of this clause,-

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c) the expression “company” includes any body corporate;
- d) “layer” in relation to a holding company means its subsidiary or subsidiaries.

5 POLICY ON MATERIAL SUBSIDIARIES:

At least one Independent Director of the Company shall be a director on the Board of Directors of the Material Non-Listed Indian Subsidiary Company.

The Audit Committee of Board of the Company shall review the financial statements of unlisted subsidiary company, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company on an half yearly basis.

The management shall on a half yearly basis 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.

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 SUBSIDIARIES:

The Company, without passing a Special Resolution in its General Meeting, 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 unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

* except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

7 DISCLOSURES:

This policy for determining Material Subsidiaries shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.