

MENON BEARINGS LIMITED

POLICY ON DETERMINING THE MATERIAL SUBSIDIARIES

1. PURPOSE OF THE POLICY

The purpose of this policy determination of material subsidiaries and disclosure thereof as required under the provisions of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). This policy also intends to ensure the governance perspective of material subsidiaries by complying with the minimum directorship requirements review of financial statements, bringing to the attention of the board certain transaction/arrangements rules regarding disinvestment of shares held by the company and restrictions thereof, on selling/ disposing/ leasing of assets of such material subsidiaries by the Company.

The Board of Directors ("Board") of Menon Bearings Limited ("Company") has adopted the following policy and procedure with regards to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to determine.

- a. Meaning of Material Subsidiary
- b. Requirement of Independent Director in certain Material Non Listed Indian Subsidiaries
- c. Restriction on disposal of shares of Material Subsidiary by the Company
- d. Restriction on transfer of assets of Material Subsidiary
- e. Disclosure Requirements, based on Regulation 24 of the Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITION CLAUSES

"Act" means Companies Act, 2013 & rules made there under.

“Listing Agreement” means the Listing Agreement as entered into by the Company with the Stock Exchanges, where the shares of the Company are listed.

“Audit Committee” means “Audit Committee” constituted under Section 177 of the Companies Act, 2013 by the Board of Directors of the Company, and the provisions of Listing Regulations.

“Board” means Board of Directors of Menon Bearings Limited (MBL).

“Company” means Menon Bearings Limited (MBL).

“Control” shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

“Independent Director” means a non - executive director other than a nominee director of the Company who satisfies other criteria for independence as laid down under Section 149 of Companies Act, 2013 and provisions of Regulation 16(1)(b) of Listing Regulations.

“Policy” means Policy on determination of Material Subsidiary.

“Significant transaction or arrangement” means 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 unlisted material subsidiary for the immediately preceding accounting year.

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

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation.

4. IDENTIFICATION OF MATERIAL SUBSIDIARY:

REGD. OFFICE & WORKS :
MIDC, GOKUL SHIRGAON, KOLHAPUR - 416 234. INDIA
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Material subsidiary shall mean a subsidiary, whose income or net worth exceeds 10 per cent of the consolidated income or net worth respectively, of the listed company and its subsidiaries in the immediately preceding accounting year.

5. INDEPENDENT DIRECTORS ON THE BOARD OF MATERIAL NON LISTED INDIAN SUBSIDIARY COMPANIES

At least one Independent Director on the Board of the Company shall be a director on the Board of an Unlisted Material Subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the Listing Regulations, the term "material subsidiary" shall mean a subsidiary, whose 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.

6. REQUIREMENT REGARDING MATERIAL SUBSIDIARY:

The Company, without Passing a special resolution in its General Meeting, 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 [50%] or cease the exercise of control over the subsidiary except in such cases where divestment is under a scheme of arrangement duly approved by a Court / Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- b. Sell, dispose and lease of assets amounting to more than twenty percent [20%] of 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, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved

7. SIGNIFICANT TRANSACTIONS/ARRANGEMENTS OF THE UNLISTED SUBSIDIARY COMPANIES

The management should periodically submit to the Board a statement of all the Significant Transaction and Arrangement entered into by the unlisted Subsidiary.

8. PLACING OF THE MINUTES OF THE BOARD MEETING OF THE UNLISTED SUBSIDIARY COMPANIES

The minutes of the Board meeting of the unlisted subsidiary shall be placed at the meeting of the Board of the listed entity.

9. REVIEW OF FINANCIAL STATEMENTS OF THE UNLISTED SUBSIDIARY COMPANIES

The Audit Committee of the company shall also review the financial statements, in particular the investments made by the unlisted subsidiary.

10. REPORTING AND DISCLOSURES

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

This policy is approved and adopted by the Board of Directors in its meeting held on 31st January, 2019 and will be effective from 1st April, 2019.



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