

OSWAL PUMPS LIMITED

Policy for Determining Material Subsidiaries

Name of Document	Policy for Determining Material Subsidiaries
Policy Version	1.0
Issuing Authority	The Board of Directors, Oswal Pumps Limited
Date of Issue	September 12, 2024
Document Owner	Secretarial Team

Amendment History

S. No.	Amendment Date	Policy Version	Document Owner	Nature of Change

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1. INTRODUCTION

Oswal Pumps Limited ("**Company**") is governed amongst others by the rules and regulations framed by Securities Exchange Board of India ("**SEBI**"). Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**Listing Regulations**") lays out regulatory requirements for material subsidiary companies.

The Board of Directors ("**Board**") of the Company has adopted the following policy and procedures with regard to determination of Material Subsidiaries ("**Policy**"), in accordance with Section 16(1)(c) of the Listing Regulations.

Listing Regulations extend certain principles of corporate governance to material subsidiaries of listed companies.

2. OBJECTIVES

The objective of the Policy is to determine the material subsidiaries of the Company and to provide a corporate governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of Regulation 16(1)(c) of the Listing Regulations.

3. DEFINITIONS

"**Act**" means the Companies Act, 2013, and all rules, regulations, notifications and circulars made/ issued thereunder, as amended, from time to time.

"**Audit Committee**" means the committee constituted by the Board of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

"**Company**" shall mean Oswal Pumps Limited.

"**Control**" shall have the same meaning ascribed to such term under the Act and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.

"**Independent Director**" or "**ID**" shall mean an Independent Director as defined in clause (47) of section 2 and clause (6) of section 149 read with Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

"**Insolvency Code**" shall mean Insolvency and Bankruptcy Code, 2016.

"**Listing Regulations**" mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments, modifications, circulars or notifications made thereunder.

"**Material Subsidiary**" shall mean a subsidiary, whose income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the 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% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

"**Subsidiary**" shall have the same meaning ascribed to such term under the Act and the Listing Regulations.

“Unlisted Subsidiary” shall mean a Subsidiary of the Company whose shares are not listed on any recognized stock exchange in India.

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

4. INTERPRETATION

The words and expressions used in this Policy unless defined herein shall have the meaning assigned to them in the Act, Listing Regulations and such other act, laws, rules or regulations along with any statutory modification(s) or re-enactment(s) thereof, as the case may be.

If due to any reason, any provisions(s)/ clause(s) of this Policy is rendered unlawful or unenforceable, then the Policy shall be read as excluding that provision(s)/ clause(s). All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

5. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES

A subsidiary shall be considered as material if the income or net worth exceeds 10% (ten 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

1. 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 or equal to 50% (fifty percent) or cease the exercise of control over the subsidiary except in cases where such divestment 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 and Bankruptcy Code, 2016 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 assets amounting to more than 20% (twenty percent) of the 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
2. At least one Independent Director on the Board of the Company shall be a director on the board of an unlisted material subsidiary company whether incorporated in India or not.

Only for the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

7. REQUIREMENTS REGARDING UNLISTED SUBSIDIARY COMPANY

The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary. The minutes of the board meetings of the unlisted subsidiary company(ies) shall be placed at the Board meeting of the Company.

The Board shall be provided periodically with a statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary company(ies).

8. SECRETARIAL AUDIT AND SECRETARIAL COMPLIANCE REPORT

The Company and its Material Unlisted Indian Subsidiaries shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

9. REPORTING & DISCLOSURE

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

10. GENERAL LIMITATIONS

In the event of any conflict between this Policy and any regulatory provision(s), including without limitation the applicable provisions of the Act and the Listing Regulations, such regulatory provision(s) shall prevail over this Policy

11. REVIEW OF POLICY AND AMENDMENT

This Policy will be reviewed and updated from time to time, as may be required. The Managing Director and the Company Secretary are jointly authorized to amend the Policy to give effect to any changes/ amendments notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any appropriate authority from time to time. Such amended policy shall be placed before the Board for noting and ratification in the next meeting held after such changes/amendments are effected. For any clarification/ assistance in relation to this Policy, please approach the Compliance officer of the Company at E-mail ID: investorrelations@oswalpumps.com)
