



AVRO INDIA LIMITED

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY

1. PREAMBLE

The Board of Directors (the “Board”) of AVRO INDIA LIMITED (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI (LODR) Regulations**”).

2. OBJECTIVE

The purpose of forming the Policy is to determine the Material Subsidiaries of Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

- a. “**Act**” means the Companies Act, 2013 as may be amended from time to time.
- b. “**Board of Directors**” or “**Board**” means the board of directors of the Company as constituted/re-constituted, from time to time.
- c. “**Company**” means Avro India Limited.
- d. “**Holding Company**”: Holding Company in relation to one or more other companies, means a company of which such companies are subsidiary companies.
- e. “**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 section 149 of Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- f. “**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.

Provided that if consolidated Net Worth of the Company is negative or less than standalone turnover of the Company then material subsidiary will be determined on the basis of consolidated income of the Company only.

- g. “**Net worth**” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;



- h. **“Policy”** means Policy on determination of Material Subsidiary.
- i. **“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 material unlisted subsidiary for the immediately preceding accounting year.
- j. **“Subsidiary”** shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

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

4. **IDENTIFICATION**

A subsidiary shall be a Material Subsidiary, if its income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

5. **PROVISION WITH REGARD TO SUBSIDIARY COMPANIES**

- a. The Audit Committee of the Company shall review the financial statements, in particular the investments made by the unlisted subsidiary company;
- b. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals;
- c. The management of the Company shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions & Arrangements entered into by the unlisted subsidiary company;

6. **PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARIES**

- a. At least one Independent Director on the Board of Directors of the Company shall be a director on the board of directors of an unlisted Material Subsidiary company whether incorporated in India or not.

For the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, the term “Material Subsidiary” shall mean a subsidiary, 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.



- b. 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 or equal to 50% or cease the exercise of control over the Material 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, 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;
- c. 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 in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by 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;
- d. Unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit and the Company shall annex with its annual report, a secretarial audit report of such Material Subsidiaries, given by a company secretary in practice, in such form as may be specified.

7. **DISCLOSURES**

The Policy for determining Material Subsidiaries shall be uploaded on the website of the Company and shall be disclosed in such other way as per the requirement of provisions of law in force.

8. **AMENDMENT**

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 of Directors in this respect shall be final and binding.

Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the SEBI (LODR) Regulations and/or any other laws in this regard shall automatically apply to this Policy and this policy shall stand amended to that extent.

The Policy on determination of Material Subsidiary is adopted by Board of Directors on August 07, 2022.