

Office Order No. HO/015/002

Date: 29.03.2025

Sub: Policy for Determining Material Subsidiaries.
Ref: Office Order No. HO/015/001 dated 11.03.2024
-o0o-

1.0 Introduction

- 1.1 This Policy is formulated in pursuance of the requirements of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”) to determine the Material Subsidiary of Bharat Electronics Limited (“BEL/Company”) and to provide a governance mechanism for such Subsidiaries.
- 1.2 All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued there under, as amended, from time to time.
- 1.3 The Policy was approved by the Board on 27th May, 2016 and further amendments were approved in the Board meeting held on 27th July, 2023 and 30th January, 2025.

2.0 Definitions

- 2.1 “**Audit Committee**” means the Committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of SEBI Listing Regulations and DPE Guidelines on Corporate Governance for CPSEs.
- 2.2 “**Material Subsidiary**” means, in terms of Regulation 16(1)(c), a Subsidiary, whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of BEL and its Subsidiaries in the immediately preceding accounting year.
- 2.3 “**Net Worth**” means net worth as defined in Section 2 (57) of the Companies Act, 2013.
- 2.4 “**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 unlisted subsidiary for the immediately preceding accounting year.
- 2.5 “**Unlisted Subsidiary**” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

3.0 Policy and Procedure

- 3.1 At least one Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary whether incorporated in India or not.

Explanation: Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “Material Subsidiary” shall mean a subsidiary,

whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- 3.2 The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- 3.3 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- 3.4 The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- 3.5 The Company, shall not, without the prior approval of the members by Special Resolution in the General Meeting, 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 the 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- 3.6 The Company, shall not, without the prior approval of the members by Special Resolution, sell, dispose and lease the assets amounting to more than 20% 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

4.0 Disclosure

- 4.1 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.
- 4.2 Adequate disclosure pertaining to the Subsidiary Companies of BEL, as may be required under the provisions of Companies Act, 2013, SEBI Listing Regulations, 2015, and DPE Guidelines on Corporate Governance for CPSEs, shall be made by the Company.

5.0 Limitation and Amendment

- 5.1 In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall be mutatis mutandis apply to this Policy.

6.0 Effective Date & Review

6.1 The amended Policy shall be effective from 12th December, 2024 and is subject to review by the Board of Directors from time to time.

7.0 This Office Order supersedes the earlier Office Order No. HO/015/001 dated 11.03.2024.

GENERAL MANAGER (HR)

**EDs / GMs / CTOs / CS
UNIT HR / FINANCE HEADS
RO / MC HEADS**

CMD D(OU) D(F) D (HR) D(Mktg) D(BC) D(R&D) CVO