

BENGAL TEA & FABRICS LIMITED
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POLICY FOR DETERMINING ‘MATERIAL’ SUBSIDIARY

PURPOSE AND SCOPE

The Policy for determining ‘material’ subsidiary companies has been framed in accordance with the provisions of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The Policy aims to provide a framework for determining material subsidiaries of Bengal Tea & Fabrics Limited (‘BTFL’ or ‘the Company’) and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued there under, as amended, from time to time.

APPLICABILITY

The Company has no subsidiary as on date. However, the policy is formulated in terms of the requirement of the Listing Regulations.

IDENTIFICATION OF MATERIAL SUBSIDIARY COMPANY

A subsidiary shall be considered as material if:

- a) the net worth of the subsidiary, exceeds 10 per cent of the consolidated net worth of BTFL and its subsidiaries in the immediately preceding accounting year or,
- b) if the income of the subsidiary exceeds 10 per cent of the consolidated income of BTFL and its subsidiaries in the immediately preceding accounting year

GOVERNANCE FRAMEWORK WITH RESPECT TO MATERIAL SUBSIDIARY

- 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 sub-clause “**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 Company and its subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.



- c. The minutes of the Board meetings of the unlisted subsidiary company shall be placed before the Board of the Company.
- d. The management shall periodically 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.

Explanation: The term “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.

- e. The unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified with effect from the year ended 31st March, 2019.

COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARY COMPANY

- a) 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 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting 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
- b) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the holding company (i.e. Bengal Tea & Fabrics Limited) by way of special resolution, 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.

DISCLOSURE

The Company shall disclose the Policy on the Company’s website and a web link thereto shall be provided in the Annual Report.

REVIEW & AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

In case of any subsequent changes in the provisions of the Listing Regulations or the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Listing Regulations or the Companies Act, 2013, then the provisions of the Listing Regulations or the Companies Act, 2013 would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

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This Code has duly approved by the Board of Directors on 9th February, 2019.

