

## OPTO CIRCUITS (INDIA) LIMITED

### POLICY ON MATERIAL SUBSIDIARIES

#### INTRODUCTION

The Board of Directors (the "Board") of OPTO Circuits (India) Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries, pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

The Board may review and amend this policy from time to time.

#### Purpose of the Policy

To determine the Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

This Policy shall supersede the existing policy on Material Subsidiaries with effect from April 01, 2019.

#### Definitions

**"Audit Committee"** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under the provisions of under the provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

**"Board of Directors" or "Board"** means the Board of Directors of Opto Circuits (India) Limited as constituted from time to time.

**"Company"** means Opto Circuits (India) Limited.

**"Consolidated Income or Net-worth"** means the total income or net-worth of the Company and its subsidiaries.

**"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 the Companies Act, 2013 and under the provisions of SEBI (LODR), 2015.

**"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**"Policy"** means the Policy on Material Subsidiaries.

**"Significant transactions and arrangements"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue 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"** means a subsidiary as defined under the Companies Act, 2013 and the Rules made there under.

All the Words and expressions used in this Policy, unless defined herein, shall have meaning respectively assigned to them under the SEBI (LODR) 2015 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

## **POLICY**

- (a) A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
- i. Whose net worth exceeds 10% of the consolidated net worth of the Company and its Subsidiaries in the immediately preceding accounting year; or
  - ii. which have generated 10% of the consolidated income of the Company and its Subsidiaries in the immediately preceding accounting year
- (b) One Independent Director of the Company shall be a Director on the Board of the material unlisted subsidiary company.  
For the purposes of this requirement, “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.”
- (c) The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- (d) The minutes of the unlisted subsidiary companies shall be placed before the Board of the Company.
- (e) 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.

## **DISPOSAL OF MATERIAL SUBSIDIARY**

The Company shall not:

- a) dispose of the 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 divestment is made under a scheme or arrangement duly approved by a Court/Tribunal;
- b) sell, dispose off and lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

## **DISCLOSURES**

The Company shall disclose the Policy on Material Subsidiaries on its website and a web link shall be provided in the Annual Report.

## AMENDMENT

Any amendment or modification in the LODR and any other applicable regulation relating to Material Subsidiaries shall automatically be applicable to the Company.

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