



Policy on Material Subsidiaries

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”)

1. INTRODUCTION

The Board of Directors (The “Board”) of Opto Circuits (India) Limited, incorporated under the Companies Act, 1956, (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries (hereinafter defined). The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company with effect from December 1, 2015 and is in terms of Clause 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and supersedes from the same date, the existing Policy on Material Subsidiaries in terms of Clause 49 of the Listing Agreement.

2. PURPOSE OF THE POLICY

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

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.

3. DEFINITIONS

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under the provisions of SEBI (LODR), 2015, RBI Act and/or the Companies Act, 2013.

“**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 as laid down under Schedule IV of the Companies Act, 2013 and the SEBI (LODR), 2015.

“Policy” means this Policy on Material Subsidiary.

“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.

“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 material 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.

4. POLICY

i. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

a. Whose net worth exceeds 20% of the net worth of the Company and its Subsidiaries in the immediately preceding accounting year; or

b. which have generated 20% of the consolidated income of the Company and its Subsidiaries in the immediately preceding accounting year

ii. One Independent Director of the Company shall be a Director on the Board of the material unlisted Indian subsidiary company.

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

iv. The minutes of the unlisted subsidiary companies shall be placed before the Board of the Company.

v. 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.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

i. 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;

ii. 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.

6. DISCLOSURES

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

7. POLICY REVIEW

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.

8. AMENDMENT

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