



POLICY ON MATERIAL SUBSIDIARIES

PULZ ELECTRONICS LIMITED

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Pursuant to Clause 16(c) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Pulz Electronics Limited has floated the following policy with regard to determination of material subsidiaries as defined below. This policy may be reviewed, amended and adopted at the discretion of the Board of Directors.

Objective

To determine the material subsidiaries of Pulz Electronics Limited and provide the governance framework for such subsidiaries.

Definitions

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company from time to time under provisions of SEBI’s LODR, 2015 and the Companies Act, 2013.

“Board of Directors” or **“Board”** means the Board of Directors of Pulz Electronics Limited as constituted from time to time.

“Company” means a Company incorporated under the Companies Act, 2013 or under any previous Company law.

“Independent Director” means a Director of the Company, not being a whole time Director 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’s LODR, 2015 entered into with the stock exchanges.

“Policy” means a policy on material subsidiary/ies.

“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 transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

Subsidiary shall be as defined under the Companies Act, 2013 and the Rules made there under.

Policy

1. A subsidiary shall be a Material Subsidiary if the following conditions are satisfied:
 - a) In which the investment/ proposed investment of the listed holding company exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year
 - OR**
 - b) Which has generated twenty percent of consolidated income of the listed holding Company during the previous financial year.
2. One independent Director of the Company shall be a director on the Board of the material non-listed Indian subsidiary company.



3. The Audit Committee of Board of the Company shall review the financial statements in particular the investments made by the unlisted subsidiary company on an annual basis.
4. The minutes of the Board Meetings of the unlisted subsidiary companies shall be placed before the Board of the Company on a **quarterly** basis.
5. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of significant transactions and arrangements entered by the unlisted subsidiary Company.

Disposal of Material Subsidiary

The Company without the prior approval of the members by Special Resolution shall not:

- a) Dispose off shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- b) Cease the exercise of control over the subsidiary or
- c) Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

Except where such divestment or sale/ disposal/ lease is made under a scheme of arrangement duly approved by the Court/ Tribunal

Disclosures

As prescribed under Regulation 46(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy shall be disclosed on the Company's website www.pulz.biz and a weblink thereto shall be provided in the Annual Report of the Company.

NOTE: Where a listed holding Company has a listed subsidiary, which is itself a holding Company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.