

O/o. CS & GM (Legal)
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भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)

Company Secretariat and Legal Division

No. BSNL/Sectt/25-1/2018 (Pt.)


Dated 24.11.2021

Subject: Policy for Determining Material Subsidiaries

As all concerned are aware, subsequent to issue of Rs. 8500 Crores Government of India Guaranteed NCDs/Bonds and the listing of the same with Bombay Stock Exchange (BSE), BSNL has become a listed entity w.e.f. 28.09.2020. Further SEBI vide its notification dated 07.09.2021 issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 effective from 07.09.2021, inter alia provides for formulation of a Policy for Determining Material Subsidiaries, duly approved by its board of directors.

2. In accordance with the said provisions, BSNL Policy on Determining Material Subsidiaries approved by Board of Directors in their 210th meeting held on 11th November 2021 for provides the criteria for determining the Materiality of Subsidiary companies of Bharat Sanchar Nigam Limited.

Therefore the all concerned are requested to comply for the same, as applicable


(J.P. CHOWDHARY)
Company Secretary & GM (L)

To

1. All the PGMS/ Sr. GMs/GMs of the corporate office.
2. All the Chief General Manager - Circles/ Projects/Regions/ Factories and all concerned.
3. All BA Heads
4. Copy for information to:-CMD / Director (CFA)/ Director (CM) / Director (Enterprise) / Director (Finance)/ Director(HRD)



Bharat Sanchar Nigam Limited
(A Government of India Enterprise)
CIN No. U74899DL2000GOI107739
Regd. & Corporate Office: Bharat Sanchar Bhawan, H. C. Mathur Lane, Janpath, New
Delhi-1

Website: www.bsnl.co.in

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES
(As approved by the Board of Directors on 11th November, 2021)

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

Bharat Sanchar Nigam Limited ("BSNL" or "Company"), is a wholly owned Govt. of India Company. The Company was incorporated on 15.09.2020 vide CIN U74899DL2000GOI107739. The Company took over the business of erstwhile Central Govt. Departments i.e. Department of Telecom Services (DTS) and Department of Telecom Operations (DTO) w.e.f. 01.10.2000 on going concern basis at a consideration of Rs.63000 Crores. The Company has issued Government of India guaranteed, rated, unsecured redeemable, taxable, listed, non-convertible debentures of face value of Rs. 10 lakh each ("debentures" / "bonds") for cash at par, aggregating to Rs. 8,500 crore on private placement basis. The Bonds are listed on the Wholesale Debt Market (WDM) Segment of the Bombay Stock Exchange (BSE) w.e.f. 28th September 2020. The Company's equity shares are not listed. However due to the listing of the aforesaid Govt. guaranteed Bonds with BSE, the Company becomes a 'listed entity' in terms of Section 2(1)(b) of SEBI (LODR) 2015 read with Section 2(h)(i) of the Securities Contracts (Regulation) Act, 1956 [SCRA].

2. NECESSITY

Securities and Exchange Board of India (SEBI), vide its notification dated 07.09.2021 issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 effective from 07.09.2021. As per Amendment, the provisions of Regulation 16 to 27 under Chapter IV of SEBI (LODR), 2015 shall apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rupees Five Hundred Crore and above. The 'high value debt listed entities' on the date of notification of this amendment would be determined on basis of value of principal outstanding of listed debt securities as on March 31, 2021.

BSNL is high value debt listed entity on the date of notification as BSNL has 8500 Cr. debt securities listed with the Bombay Stock Exchange.

The Regulation 16(c) of SEBI (LODR), 2015 provides that all the listed entity shall formulate a policy for determining 'material' subsidiary.

The Board of Directors of the company in their 210th meeting held on 11th November, 2021 has adopted the Policy and procedure with regard to determining the Material Subsidiary.

3. SCOPE AND PURPOSE OF THE POLICY

This Policy provides the criteria for determining the Materiality of Subsidiary companies of Bharat Sanchar Nigam Limited.

4. EFFECTIVE DATE

The Policy shall be effective from 11th November, 2021 (date of Board Meeting in which approval is granted)

5. Definitions

5.1 Act: —Act means the Companies Act, 2013 including any amendment or modification thereof.

5.2 Audit Committee: -means Audit Committee constituted by the Board of Directors of the Company under the provisions of SEBI (LODR) Regulations, 2015, DPE Guidelines and Companies Act, 2013, as may be amended from time to time.

5.3 Company: –Company means BHARAT SANCHAR NIGAM LIMITED (BSNL).

5.4 Listing Regulations -Listing Regulations means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5.5 Policy: –Policy means Policy for Determining Material Subsidiary of BSNL.

5.6 Board of Directors or Board--- means the Board of Directors of Bharat Sanchar Nigam Limited as constituted from time to time and as defined in Section 2(10) of Companies Act, 2013 Board of Directors” or “Board”, in relation to a company, means the collective body of the directors of the company.

5.8 Independent Director --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 mentioned in DPE guidelines, Section 2(47) of the Companies Act, 2013 and Regulation 16 (b) of the Listing Regulations.

5.9 Subsidiary: –As per Section 2(87) of the Companies Act, 2013, Subsidiary Company or subsidiary, in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) Controls the composition of the Board of Directors; or

(ii) Exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—

(a) A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

(b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

(c) The expression “company” includes any body corporate;

(d) Layer in relation to a holding company means its subsidiary or subsidiaries.

5.10 Significant Transaction or Arrangement” 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, as defined in Regulation 24 (4) of the Listing Regulation.

5.11 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract

Regulation Act or any other applicable law or regulation, rules, notifications and circulars made there under or amended time to time.

6. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

In term of Regulation 16 (c) of SEBI (LODR), 2015, A subsidiary of Bharat Sanchar Nigam Limited (BSNL) shall be considered Material if the income or net worth of the concerned subsidiary exceeds ten percent of the consolidated income or net worth respectively, of the Bharat Sanchar Nigam Limited (BSNL) and its subsidiaries in the immediately preceding accounting year.

7. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

1. At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
2. The company shall obtain prior approval of shareholder by way of special resolution, if the disposal of shares in its material subsidiary (either on its own or together with other subsidiaries) result in reduction of its shareholding , to less than or equal to fifty percent or cease the exercise of control over the such subsidiary.

Such approval shall not be required if the disinvestment is:

- Under a scheme of arrangement duly approved by a Court/Tribunal
 - 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. The company shall obtain prior approval of shareholder by way of special resolution, if any sale, disposal, 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.

Such approval shall not be required if such sale, disposal, and leasing of assets is

- Under a scheme of arrangement duly approved by a Court/Tribunal
- 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

8. DISCLOSURE REQUIREMENT

1. In term of Regulation 62 of SEBI (LODR), 2015, this Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
2. In term of Regulation 24A of SEBI (LODR), 2015 the Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity.

9. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in Companies Act and rules & regulation thereof/ applicable laws in this regard shall automatically apply to this Policy.

10. POWER TO REVIEW

The Board of Directors shall have the powers to amend/review the Policy

