POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors of Precision Camshafts Limited adopts the following policy with regards to determination of Material Subsidiaries, as defined in this Policy below.

2. OBJECTIVE

The objective of this Policy is to determine the Material Subsidiaries of Precision Camshafts Limited and to provide the governance framework for such subsidiaries as required under Regulation 16(1)(c) and Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 as amended from time to time.

3. DEFINITIONS

3.1 "**Act**" means Companies Act, 2013 & rules made there under.

3.2 "**Audit Committee**" or "**Committee**" means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of section 177 of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges.

3.3 "**Board of Director**" or "Board" means the Board of Directors of Precision Camshafts Ltd, as constituted from time to time.

3.4 "**Company**" means Precision Camshafts Limited

3.5 "**Holding Company**" in relation to one or more other Holding company means a company of which such companies are subsidiaries companies.

3.6 "**Independent Director**" means a director of the Company who satisfies the criteria for independence under Companies Act 2013 read with Regulation 16 and Regulation 25 (Listing Obligations and Disclosure Requirements), Regulations 2015.

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

3.8 "**Significant Transaction or Arrangement**" implies 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

3.9 "**Subsidiary Company**" shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.

3.10 " **SEBI LODR** " shall be Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

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, 1956 or any other applicable law or regulation, as amended from time to time.

4. GOVERNANCE FRAMEWORK

4.1 Pursuant to Regulation 24(1) of SEBI LODR, One Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of unlisted material subsidiary, whether incorporated in India or not.

Explanation*:- "For the purpose of appointment of one independent director a subsidiary shall be considered Material Subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year."*

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

4.3 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed company.

4.4 The management shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & 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 ten percent 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.*

4.5 Subsidiary company shall not either by its own or through its nominees, hold(s) any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

5. DISPOSAL OF MATERIAL SUBSIDIARY

5.1 The Company shall not, without prior approval by way of passing a special resolution in its General Meeting:

a. Reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50 % or cease the exercise of control over the subsidiary; or

b. Sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

5.2 The provision of clause 5.1 shall not be applicable in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the 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]

6. DISCLOSURE

As prescribed by revised Clause 46(2)(h) of SEBI LODR

6.1 This Policy shall be disclosed on the Company's website at www.pclindia.in

6.2 Web link thereto shall be provided in the Annual Report of the Company.

7. Secretarial Audit

Pursuant to Regulation 24A of SEBI LODR, The Company and its material unlisted 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.

8. AMENDMENT AND UPDATIONS

8.1 The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there are any statutory changes necessitating the amendment in the policy. In case of any subsequent changes in any regulations which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the law.

8.2 The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.