

CEIGALL INDIA LIMITED POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. Introduction:

In pursuance of the Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), the Company has formulated this policy for determining material subsidiary of Ceigall India Limited (“the Company”).

2. Purpose:

The objective of the policy is to define the Material Subsidiary of the Company and to provide the Good Corporate Governance framework of such subsidiaries in compliance with the applicable regulatory requirements.

3. Interpretation & Definitions:

The terms and expressions not defined hereunder shall have the same meaning as defined under the Companies Act, 2013, Securities and Exchange Board of India Act, 1992 and the Listing Regulations.

- **“Board” or “Board of Directors”** means the Board of Directors as defined under Section 2(10) of the Companies Act, 2013.
- **“Audit Committee”** means the Committee constituted by the Board from time to time under Section 177(1) of the Companies Act, 2013 and regulation 18(1) of the Listing Regulations.
- **“Independent Director”** means an Independent Director of the Company as defined in Section 149(6) of the Companies Act, 2013 and regulation 16(1)(b) of the Listing Regulations.
- **“Material Subsidiary”** In terms of the definition provided under Regulation 16(1)(c) of SEBI LODR the triggers for determining materiality of a subsidiary are- Net Worth and Turnover. That is to say, the pre-requisites for determining materiality of a subsidiary are:
It must be a subsidiary, in terms of the definition provided under Act, 2013.
Its income/net worth in the immediately preceding financial year exceeds 10% of the consolidated net worth of the listed company.
- **“Subsidiary Company” or “Subsidiary”** shall have their meaning as defined under Section 2(87) of the Companies Act, 2013.
- **“Significant Transaction or Arrangement”** means 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.

Corporate governance requirements with respect to material subsidiary as defined in Explanation to Regulation 24(1) of Listing Regulation.

- (a) At least one independent director of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
- (b) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- (c) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Company.

- (d) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- (e) The Company shall not dispose of the shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a 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.
- (f) Selling, disposing 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 shall require 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 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.
- (g) Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- (h) Secretarial Audit: All 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 the annual report.

5. Disclosure:

The Policy on Material Subsidiaries shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

6. Amendment/Modifications:

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or any other applicable law which makes any of the provisions in this Policy inconsistent with the Companies Act, 2013 or the Listing Regulations or such applicable law, the provisions of the Companies Act, 2013 or the Listing Regulations or such applicable law would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with such changes. The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

The policy is approved by the Board on 02nd March, 2024.