

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

### **PURPOSE & SCOPE:**

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy for determining "material" subsidiary company(s) has been framed as per provisions of Regulation 24 of the SEBI (LODR) Regulations, 2015.

### **DEFINITIONS**

- i) "Act" means Companies Act, 2013 & rules made there under.
- ii) "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.
- iii) "Board of Director" or "Board" means the Board of Directors of AI CIL, as constituted from time to time.
- iv) "Company" means AI Champdany Industries Limited.
- v) "Unlisted Material Subsidiary" means a Material Subsidiary whose equity shares are not listed on any recognized stock exchange in India.
- vi) "Material Subsidiary" - A Subsidiary of the Company shall be considered as a 'Material Subsidiary', if the income or net worth of the Subsidiary exceeds 10 % of consolidated income or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding financial year.
- vii) "Subsidiary Company" shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.
- viii) "Unlisted Subsidiary" means a Subsidiary whose equity shares are not listed on any recognized stock exchange

### **GOVERNANCE PROCEDURE**

- i) One Independent Director on the Board of Directors of the Company shall be a director on the Board of Directors of material non-listed Indian Subsidiary Company.
- ii) The Audit Committee of the company shall review the financial statements, in particular the investments made by the unlisted subsidiary company.

iii) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed company

iv) 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;

#### **DISPOSAL OF MATERIAL SUBSIDIARY**

i) 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 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

ii) The provision of clause 6.1 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.

#### **AMENDMENT AND UPDATES**

The policy shall be subject to review as may be determined necessary and in accordance to the regulatory framework.