

Policy

For

Determining Material Subsidiaries

Of

Everest Industries Limited

LEGAL FRAMEWORK

Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”) extends certain principle of corporate governance to material subsidiaries of listed companies.

The Board of Directors of Everest Industries Limited (the “Company”) is obliged to formulate a policy for determining “material subsidiaries” to comply with the requirements of Regulations 16(1)(c) and 24 of Listing Regulations, 2015 for such material subsidiaries.

DEFINITIONS

1. “Act”

Act means Companies Act, 2013 & rules made thereunder.

2. “Audit Committee”

Audit Committee means the committee formed under Section 177 of the Companies Act, 2013.

3. “Company” means Everest Industries Limited

4. “Holding Company”

Holding company in relation to one or more other companies, means a company of which such companies are subsidiaries companies.

5. “Material non-listed Indian subsidiary”

It shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 10% of the consolidated income or net worth respectively, of the the Company & its subsidiaries in the immediately preceding accounting year.

6. "Material Subsidiary"

A subsidiary shall be considered as material if the investment of the Company in the subsidiary exceeds 10% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 10% of the consolidated income of the Company during the previous financial year.

7. "Subsidiary Company"

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;

Explanation- For the purpose of this definition,-

- a. A Company shall be deemed to be a subsidiary Company of the holding Company even if the control referred to in clause (i) or (ii) above 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.

8. "Significant transaction or arrangement"

It shall mean 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.

PROVISIONS WITH REGARD TO SUBSIDIARY COMPANIES

- ✓ The Audit Committee of the listed holding Company shall also review the financial statements, in particular the investments made by the unlisted subsidiary Company;
- ✓ The minutes of the Board meetings of the unlisted subsidiary Company shall be placed at the Board meeting of the listed holding Company;
- ✓ The management shall periodically bring to the attention of the Board of Directors of the listed holding Company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary Company;
- ✓ Subsidiary Company shall not either by its own or through its nominees, holds 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.

Nothing contained in this clause, shall apply to a case:-

- Where the subsidiary Company holds such shares as the legal representative of a deceased member of the holding Company; or
- Where the subsidiary Company holds such shares as a trustee; or
- Where the subsidiary Company is a shareholder even before it became a subsidiary Company of the holding Company.

- ✓ The Company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary Company including its own subsidiary companies;
- ✓ The Company shall include particulars of its subsidiary companies in its annual return;
- ✓ The Company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;
- ✓ The Company shall, along with its financial statements to be filed with Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- ✓ The Company shall place separate audited accounts (if any) in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the Company, who asks for it.

PROVISIONS WITH REGARD TO MATERIAL NON-LISTED MATERIAL SUBSIDIARIES

- ✓ At least one independent director on the Board of Directors of the holding Company shall be a director on the Board of Directors of a **material non-listed subsidiary(ies)**;

For the above stated purpose only, "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

- ✓ The Company shall not dispose of shares in its **material subsidiary** which would 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 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

- ✓ The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the **material subsidiary** on an aggregate basis during a financial year unless prior approval of shareholders by way of special resolution in its General Meeting is obtained except in case 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

- ✓ All material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, such secretarial audit report, given by a company secretary in practice

AMENDMENT

The Board of Directors may review or amend this policy, in whole or in part, from time to time as per the requirement of the Act or any other statute.

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard

will take precedence over this Policy and procedures until such time this Policy is amended to conform to the applicable law, rule, regulation or standard.

This Policy shall come in to force with effect from 26th March, 2019 in supersession of earlier policy adopted by the Board on 17th October, 2014.