

ASIAN GRANITO INDIA LIMITED

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARIES

Revised on: 07th February, 2025

I. PREAMBLE:

SEBI vide notification dated 2nd September, 2015, introduced SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) replacing the then prevailing Listing Agreement. Pursuant to Regulation 16 of Listing Regulations, Listed Companies are required to formulate a policy for determination of Material Subsidiaries with a view to ensure certain special compliances by the Listed Holding Company with respect to its Material Subsidiaries so determined. The amendments to the Listing Regulations issued by SEBI on 9th May, 2018 require a modification to the prevailing policy. Accordingly, the Board approved this policy on 13th February, 2020 with immediate effect and further the Board modified this policy on 7th February, 2025.

II. OBJECTIVE:

The objective of this is to lay down guidelines for determining which of the Subsidiary companies are a Material Subsidiary in terms of the Listing Regulations with a view to ensure special compliances applicable in relation to Material Subsidiaries.

III. DEFINITIONS & INTERPRETATIONS:

All the words and expressions used herein shall have the same meaning ascribed to them in the Companies Act 2013, SEBI Act 1992 or rules and regulations made thereunder and any other relevant legislation applicable to the Company.

“Material Subsidiary” Shall mean a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“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.

IV. DETERMINATION OF MATERIAL SUBSIDIARY:

The Company Secretary and in his/her absence the Chief Financial Officer shall determine the materiality or otherwise of each Subsidiary Company based on the provisions of the Listing Regulations.

V. COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARIES:

The following are the special compliance requirements with respect to each of the Material Subsidiary:

1. The Company shall not dispose of 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 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Explanation: “Control” for this purpose has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

2. The Company shall not sell, dispose and lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without obtaining 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.

Explanation: For the purposes of (1) and (2) above, a subsidiary shall be considered material if its turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3. At least 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 (3) above, a subsidiary shall be considered material if its turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the Subsidiary Company on a quarterly basis.
5. The minutes of the Board Meeting of the Subsidiary Company be placed before the Board of the Company at regular intervals and the Board will review all the significant transactions and arrangements entered into by the Subsidiary Company, on a quarterly basis.
6. Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.

Explanation: Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.

VI. DISCLOSURES AND AMENDMENT:

The Policy for determining material subsidiaries is to be disclosed on its website **www.aglasiangranito.com** and a web link thereto shall be provided in the Annual Report of the Company.

The Company Secretary and in his/her absence the Chief Financial Officer shall amend this Policy pursuant to changes in applicable laws and regulations. Any such change will be placed before the next Board meeting.

In case of any amendment (s), clarification (s), circular (s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment (s), clarification (s), circular (s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such clarification (s), circular (s), etc.
