

S R INDUSTRIES LIMITED

POLICY OF DETERMINING MATERIAL
SUBSIDIARY AS PER REGULATION 16 (1)(C)
OF SEBI (LISTING OBLIGATION AND
DISCLOSURE REQUIREMENTS) REGULATION,
2015

POLICY OF DETERMINING MATERIAL SUBSIDIARY

Preamble

The Board of Directors ("the Board") of S R Industries Limited ("the Company") has adopted this Policy on Determining Material Subsidiaries ("the Policy") pursuant to the provisions of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

This Policy shall be effective from the date it is approved by the Board of Directors and will be disclosed on the Company's official website, in accordance with applicable laws and regulatory requirements.

Objectives

The primary objectives of this Policy are as follows:

1. To Determine Material Subsidiaries: To lay down the criteria for identifying a subsidiary as a "material subsidiary" of the Company in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

2. To Ensure Compliance and Establish Governance: To comply with corporate governance requirements under Regulation 24 of the SEBI LODR Regulations and establish a structured framework for oversight and reporting of material subsidiaries.

3. To Enhance Transparency and Oversight: To promote transparency and accountability in the management of subsidiaries, ensuring the Board is well-informed and involved in significant decisions impacting material subsidiaries.

4. To Determine Regulatory Requirements: To identify and ensure compliance with key regulatory obligations concerning material subsidiaries, including:

- Appointment of an Independent Director on the Board of certain unlisted material subsidiaries incorporated in India;
- Restrictions on disposal of shares and transfer of assets of material subsidiaries; and
- Fulfilment of disclosure requirements under the SEBI Listing Regulations and other applicable laws and regulations.

Definitions

- a) **"Board"** or **"Board of Directors"** shall mean the Board of Directors of the Company
- b) **"Company"** means S R Industries Limited
- c) **"Control"** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or

management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

- d) **“Directors”** shall mean all the Directors on the Board.
- e) **“Independent Director”** shall have the meaning given to it in the Companies Act, 2013 and Listing Regulations, 2015.
- f) **“Listing Regulations”** shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.
- g) **“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.
- h) **“Policy”** means this “Policy for Determining Material Subsidiaries of the Company”.
- i) **“Significant Transaction and Arrangement”** means 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.
- j) **“Subsidiary”** shall have the meaning given to it in the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation.

Independent Director on the Board of Material Unlisted Subsidiary

At least one Independent Director of the Company shall be appointed as a Director on the Board of an unlisted material subsidiary, whether incorporated in India or elsewhere, in accordance with the SEBI Listing Regulations.

Significant Transactions and Arrangements of Unlisted Subsidiaries

The management of the Company shall periodically present to the Board a statement summarizing all significant transactions and arrangements entered into by any unlisted subsidiary.

Restriction on Disposal of Shares in Material Subsidiary

The Company shall not reduce its shareholding (either independently or together with other subsidiaries) in a material subsidiary to 50% or below, or relinquish control over the subsidiary, without obtaining prior approval of shareholders by way of a special resolution in a general meeting.

This restriction shall not apply if such divestment is undertaken:

- Under a scheme of arrangement duly approved by a court or tribunal, or
- Pursuant to a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016.

In either case, the event must be disclosed to the recognized stock exchanges within one working day of such approval.

Restriction on Disposal of Assets of Material Subsidiary

The sale, lease, or disposal of assets amounting to more than 20% of the total assets of a material subsidiary, on an aggregate basis during a financial year, shall require prior shareholder approval by special resolution.

This requirement shall not apply where the transaction is:

- Undertaken under a court/tribunal-approved scheme, or
- Executed under a resolution plan approved under Section 31 of the Insolvency Code, provided the same is disclosed to stock exchanges within one working day of approval.

Secretarial Audit

Every unlisted material subsidiary incorporated in India shall undertake a secretarial audit and annex the secretarial audit report, issued by a practicing Company Secretary, with its annual report.

Recording of Minutes of Unlisted Subsidiaries

The minutes of meetings of the Board of Directors of all unlisted subsidiaries shall be placed before the Board of the Company on a quarterly basis for review.

Approval of Financial Statements of Unlisted Subsidiaries

The Audit Committee of the Company shall review the financial statements of unlisted subsidiaries on an annual basis, with particular focus on the investments made by such subsidiaries.

Reporting and Disclosure

This Policy shall be disclosed on the Company's official website as prescribed under Regulation 46(2)(h) of the SEBI Listing Regulations. A web link to the Policy shall also be provided in the Company's Annual Report.

Limitation and Amendment

In case of any inconsistency between this Policy and applicable laws (including the Companies Act, 2013, the Listing Regulations, or other statutory enactments), the provisions of the applicable law shall prevail.

Any subsequent amendment, modification, or clarification under applicable laws shall be automatically deemed to be incorporated into this Policy.

Review of the Policy

This Policy shall be periodically reviewed and may be amended or modified by the Board of Directors or any authorized committee thereof, as and when deemed necessary or in line with any regulatory changes.

Compliance Responsibility

The responsibility for compliance with this Policy shall rest with the Managing Director, Chief Financial Officer (CFO), and Company Secretary of the Company. They shall have the authority to seek any information, clarification, or assistance from the management necessary to ensure effective implementation of this Policy.
