

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### INTRODUCTION

The Board of Directors of Equilateral Enterprises Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

### TITLE

This Policy shall be called 'Policy for determining material subsidiaries'. The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the Clause 49 of the Listing Agreement (including any amendments thereof).

### DEFINITIONS

#### **Definitions**

**"Audit Committee"** means the committee constituted by the Board of Directors of the Company.

**"Independent Director"** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Agreement.

**material subsidiary** shall mean a subsidiary, whose income or net worth exceeds 10%(Ten percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**Significant transaction or arrangement** "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.

**"Subsidiary"** shall be as defined under the Act and the rules made thereunder.

**"Unlisted Subsidiary"** means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

#### **Policy and procedure**

1. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
2. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meeting of the Company at regular intervals.

3. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.

4. One Independent Director of the Company shall be a director on the board of the Material Non-Listed Indian Subsidiary.

5. 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 Court/Tribunal.

6. 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.

### **Disclosures**

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

### **Limitation and Amendment.**

In the event of any conflict between the provisions of this Policy and of the Act or SEBI (LODR) Regulations, 2015 or any other statutory enactments, rules, the provisions of such Act or SEBI (LODR) Regulations, 2015 or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI (LODR) Regulations, 2015, Act and/or applicable laws in this regard shall automatically apply to this Policy. At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.