

CHANDNI MACHINES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION

The Board of Directors of Chandni Machines Limited has adopted the following policy and procedures with regards to determination of Material Subsidiaries.

OBJECTIVE

The objective of the policy is to determine material subsidiaries of the company and to provide a governance framework for such material subsidiaries.

This policy is in accordance with Regulation 16(1)(C) of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 [SEBI(LODR)].

DEFINITIONS

“**Act**” means the Companies Act, 2013 as may be amended from time to time.

“**Audit committee**” or “**committee**” means Audit committee as constituted by the Board of Directors of the company under section 177 of the Companies Act, 2013 and the provisions of SEBI(LODR) from time to time.

“**Board of Directors**” or “**Board**” means the Board of Directors of Chandni Machines Limited, as constituted from time to time.

“**Company**” means Chandni Machines limited.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

“**Holding Company**” means holding company as defined under section 2(46) of the Act.

“**Independent Directors**” means an independent director referred to in section 2(47) of the Act read with SEBI (LODR) and as may be amended from time to time.

“**Management**” means Senior Management and Key Managerial Personnel of Chandni Machines Limited.

“**Policy**” means Policy on Material Subsidiary and as may be amended from time to time.

“**Significant Transaction or Arrangement**” 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 material unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” means subsidiary company as defined under section 2(87) of the Companies Act, 2013 and the rules made thereunder.

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY / MATERIAL UNLISTED MATERIAL SUBSIDIARY

- i. A subsidiary shall be considered as material if its income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. (“Material Subsidiary”)

COMPLIANCE:

At least one Independent director on the Board of Directors of the Company shall be a director on the Board of Directors of an unlisted material subsidiary incorporated in India.

POLICY

- a) The Audit committee of the Company shall review the Financial Statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
- b) The minutes of the meeting of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
- c) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- d) The management shall present to the Audit committee annually, the list of subsidiaries together with the details of the materiality defined herein. The audit committee shall review the same and make suitable recommendations to the board.

DISPOSAL OF MATERIAL SUNSIDIARIES

The company shall not:

1. Dispose of shares in its material subsidiary which would reduce the Company’s 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 the General Meeting except in cases where such disinvestment is made under a Scheme of Arrangement duly approved by National Company Law Tribunal.
2. Sell, dispose or lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year unless it obtains the prior approval of shareholders by way of Special Resolution , except where the sale / disposal / lease is made under a Scheme of Arrangement duly approved by National Company Law Tribunal.

AMENDMENTS

The Board shall have the power to amend any of the provisions of the policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this policy and the SEBI (LODR) / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of the SEBI (LODR) / the Companies Act, 2013 or statutory enactments, rules shall prevail over this policy