

Chandni Machines Limited

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CHANDNI MACHINES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Securities and Exchange Board of India (SEBI) on 2nd September, 2015 issued the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Regulation”) with the aim to streamline the provisions of the Listing Agreement thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act 2013 and at the same time compiling all mandates of varied SEBI Regulations / Circulars.

In terms of Regulation 16 (1) (c) of the Regulations, the Company is required to formulate and implement a policy for determining ‘Material Subsidiary’.

The Board of Directors of Chandni Machines Limited (the “Company”) has adopted the following policy and procedures with regard to determination of material subsidiary(ies). As on date of formulating this Policy, the Company has no material subsidiaries and there is no immediate applicability. However, the policy is devised in order to cater to the needs of the Company in future when the Company would have a material subsidiary (ies).

2. DETERMINATION OF MATERIAL SUBSIDIARY

A Subsidiary of the Company shall be considered as ‘Material Subsidiary’, if the income or net worth of the Subsidiary exceeds 20% of consolidated income or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding financial year.

The Company shall, on formation of a subsidiary, at the end of every year, determine whether the subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

3. GOVERNANCE FRAMEWORK

- a) The Audit Committee of Board of Directors of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- b) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- c) The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- d) One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Subsidiary Company.

4. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- a) 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.
- b) Sell, dispose off and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without 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.

5. POLICY REVIEW

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.
