



Policy for Determining Material Subsidiary

## TABLE OF CONTENTS

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Sr No.	Particulars	Page No.
1	Preamble	2
2	Objective	2
3	Definitions	2
4	Policy	3
5	Provision with Regard to Material Subsidiary Companies	3
6	Amendments/Modifications	5
7	Disposal of Shares or Assets of Material Subsidiary Company	5
8	Scope And Limitation	6

## 1. Preamble

The Board of Directors (the “Board”) of Ceinsys Tech Limited (the “Company”) has adopted the following policy and procedures in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated this policy for determining material subsidiary of the Company.

## 2. 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 intended to augment and work in conjunction with regulatory provisions and other Company policies.

## 3. Definitions

- a) **“Act”** means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
  
- b) **“Board of Directors” or “Board”** means the Board of Directors of Ceinsys Tech Limited, as constituted from time to time.
  
- c) **“Company”** means Ceinsys Tech Limited.
  
- d) **“Holding Company”** means Holding Company as defined under section 2(46) of the Act.
  
- e) **“Independent Director”** means an Independent Director as defined in section 2(47) of the Act.

f) **“Policy”** means this policy for determining material subsidiaries and as may be amended from time to time.

g) **“Subsidiary/ Subsidiary Company”** means a subsidiary as defined under sec. 2(87) of the Companies Act, 2013 and the rules made thereunder. Where a listed holding Company has a listed subsidiary which is itself a holding Company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

The words and expressions used in this policy unless defined hereunder, shall have the same meaning ascribed to it, as defined under Companies Act, 2013 or the Rules framed thereunder, SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956, the SEBI (ICDR) Regulations, 2009, SEBI (LODR) Regulations 2015 or any statutory modifications or re-enactment thereof, as the case may be.

#### **4. Policy**

A subsidiary shall be considered as material if its turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of Company and its subsidiaries in the immediately preceding accounting year.

A list of such Material subsidiaries shall be presented to the Audit Committee annually for its noting.

#### **5. Provision with regard to Material Subsidiary Companies**

1) The Audit Committee of the company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;

- 2) The minutes of the Board meetings of the unlisted material subsidiary company shall be placed at the Board meeting of the company;
- 3) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

The term —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 unlisted subsidiary for the immediately preceding accounting year.

- 4) 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, whether incorporated in India or not, if such subsidiary, has turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year;
- 5) The Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.
- 6) The Audit Committee of the company shall review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

## **6. Amendments/Modifications**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

## **7. Disposal of Shares or Assets of Material Subsidiary Company**

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 General Meeting except in cases where such disinvestment 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

Further, sell, disposal & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year shall require approval of the shareholders by way of passing special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by 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

## **8. Scope and Limitation**

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or any other applicable law which makes any of the provisions in this Policy inconsistent with the Companies Act, 2013 or the Listing Regulations or such applicable law, the provisions of the Companies Act, 2013 or the Listing Regulations or such applicable law would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with such changes.

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