

Policy on determining Material Subsidiaries
Shri Gang Industries and Allied Products Limited

Introduction:

This Policy aims to determine Material Subsidiary (ies) of the Company. This Policy shall be called “Policy for determining material subsidiaries”, which is framed in accordance with the provisions of Regulation 16 (1) (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company does not have any material subsidiary as on the date of approving this Policy. This Policy shall apply for determining material subsidiaries of the Company.

The Board of Directors (the “Board”) of Shri Gang Industries and Allied Products Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined below.

Objective:

This policy deals with determination of Material Subsidiaries of Shri Gang Industries and Allied Products Limited in terms of Regulation 16 (1) (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which states that the Company shall formulate a policy for determination of the Material Subsidiary and the policy is intended to ensure the governance framework of material subsidiary companies.

Definitions:

- A. **“Act”** means Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time;
- B. **“the Company”**: The Company shall mean “Shri Gang Industries and Allied Products Limited”;
- C. **“Audit Committee” or “Committee”** means Audit Committee constituted by the Board of Directors of the Company or such other Committee as may be approved by the Board of Directors, from time to time, under the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- D. **“the Director” or “the Board”**: The Director or the Board, in relation to the Company, shall mean and deemed to include the collective body of the Board of Directors of the Company;
- E. **“Listing Regulations” or “SEBI LODR”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof;
- F. **“Holding Company”** in relation to one or more other Holding company means a company of which such companies are subsidiaries companies;
- G. **“Independent Director”** means a director of the Company who satisfies the criteria for independence under Section 149 of Companies Act, 2013 and/or Regulation 16(b) of the Listing Regulations;

- H. **“Subsidiary”** shall mean a subsidiary as defined under the Act and Rules made thereunder;
- I. **“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;
- J. **“Unlisted Subsidiary”** means subsidiary whose securities are not listed on any recognized Stock Exchanges.
- K. **“Net Worth”** shall mean the net worth as computed based on the last audited financial statements of the Company.
- L. **“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;

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

Criteria for Determining Material Subsidiary

A subsidiary shall be considered as a Material Subsidiary, if the following condition is satisfied:

If the turnover or Net Worth exceeds 10 (ten) percent of the Consolidated turnover or Net Worth respectively, of the Listed entity and its Subsidiaries in the immediately preceding accounting year.

In case if a listed holding Company has a listed subsidiary, the Policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

Policy & Procedures

The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company;

The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company;

The management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;

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

At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not in accordance with the provisions of Listing Regulations, as amended from time to time.

Disposal of Material Subsidiary:

The Company, without the prior approval of the members by Special Resolution, shall not:

- dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- ceases the exercise of control over the Subsidiary; or
- selling, disposing or leasing the assets amounting to more than twenty percent of the assets of the material subsidiary except where such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company, unless in cases where the divestment/sale/disposal/lease 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 and Bankruptcy Code 2016 and such an event is disclosed to the recognized Stock exchanges within the time prescribed in the Listing Regulations.

Amendments

The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there are any statutory changes necessitating the amendment in the policy.

The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

Dissemination of Policy

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

The policy was amended and approved by the Board of Directors on February 14, 2025.