

ELCID INVESTMENTS LIMITED

POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

Elcid Investments Limited (hereinafter referred to as “the Company”) has investments in two unlisted material subsidiaries. This Policy shall apply to determine a material subsidiary of the Company and to provide the governance framework for such subsidiaries.

“Material Unlisted Subsidiary” shall mean a Subsidiary, incorporated in India whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

For the purpose of this policy:

- a. **“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 Non- Listed Subsidiary for the immediately preceding accounting year.
- b. **“Subsidiary(s)”** shall mean subsidiaries of the Company as defined under the Act.

Words, terms and expressions used and not defined in these rules or Listing Agreement but defined in the Act shall have the same meaning respectively assigned to them in the Act.

POLICIES AND PROCEDURE:

- I. The Company shall consider a subsidiary as a material subsidiary if it satisfies any of the following criteria:
 - a. The Subsidiary has generated twenty per cent (20%) of the consolidated turnover of the Company during the previous financial year.
 - b. The net worth of the subsidiary exceeds twenty per cent (20%) of the consolidated net worth of the Company during the previous financial year.
- II. The Board shall appoint one of the Independent Director of the Company as a Director on the board of directors of the Material Unlisted Indian Subsidiary.
- III. The Audit Committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- IV. The Minutes of the Meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- V. The management of the unlisted subsidiary shall periodically bring to the notice of the

board of directors of the company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

VI. The Company shall follow such governance procedures in relation to Material Subsidiaries as may be outlined in the Securities Exchange Board of India Rules & Regulations and the Companies Act 2013 from time to time.

VII. 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 fifty percent (50%)/ 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; 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.
- b. sell, dispose and/or lease assets amounting to more than twenty percent (20%) 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 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.

Nothing contained in the above a & b points shall be applicable if such a sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed entity.

The Management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as a Material Subsidiary the same shall be intimated to the Audit Committee. The Audit Committee shall review the same and make suitable recommendations to the Board to ensure compliance in this regard.

This Policy may be amended by the Board from time to time to be in line with any amendments made to the Listing Agreement, the Act and such other guidelines issued by SEBI.

The Policy shall be reviewed/modified in line with the regulatory requirements from time to time.

The Policy shall be disclosed on the company's website.