

# POLICY FOR DETERMINING MATERIAL SUBSIDIARIES



**Epigral Limited**

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## **INTRODUCTION**

In terms of provisions of SEBI (Listing Regulations & Disclosure Requirements) Regulations, 2015 including any amendments thereof ("Listing Regulations"), the Board of Directors of Epigral Limited formulates and adopts the following policy and procedures with regard to determination of Material Subsidiaries.

## **OBJECTIVE**

The objective of the Policy is to set out the criteria for determining material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

## **DEFINITIONS**

"**Act**" means the Companies Act 2013 as may be amended from time to time.

"**Board of Directors**" or "**Board**" means the Board of Directors of Epigral Limited, as constituted from time to time.

"**Company**" means Epigral Limited.

"**Independent Director**" means a non-executive director of the Company, other than a managing director or a whole-time director or a nominee director and who is not related to Promoter / Member of the Promoter Group / Directors of the listed entity or its holding, subsidiary or associate company and who satisfies criteria for independence under the provisions of the Companies Act, 2013 and Listing Regulations.

"**Subsidiary**" in relation to any other company (that is to say the holding company), means a company in which the holding company-

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

For the purposes of this clause,

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

(b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

**MATERIAL SUBSIDIARIES**

A subsidiary shall be considered as Material if -

The income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**Material Non Listed Indian Subsidiary** shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

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

**REQUIREMENT REGARDING MATERIAL SUBSIDIARY**

**The Company, without passing a special resolution in its General Meeting, shall not:**

- ▶ dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- ▶ dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- ▶ sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, 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 Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved

**ADDITIONAL REQUIREMENT FOR MATERIAL SUBSIDIARY NON-LISTED**

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company.

For the purposes of this requirement, "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year."

**REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY**

- ▶ The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- ▶ The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- ▶ 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.

**EXPLANATION**

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.

**AMENDMENTS**

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.

**SCOPE AND LIMITATION**

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

**WEBSITE**

The policy shall be disclosed on the website of the Company.

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