

ELEGANT MARBLES & GRANI INDUSTRIES LTD.

Manufacturers / Importers / Exporters of Mirror Polished Italian Marbles & Granites

Policy for Determining Material Subsidiary

Preamble:

The Board of Directors (the “Board”) of Elegant Marbles and Grani Industries Limited (the “Company”) has adopted the following amended policy and procedures with regard to determination of “Material Subsidiaries” in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amendments with effect from April 01, 2019, as may be amended from time to time in their Board Meeting held on August 09, 2019. The Board / its Committee may review this policy from time to time.

1. Objective:

- 1.1. The said policy is in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.2. This Policy sets out the criteria for determining material subsidiary / subsidiaries.

2. Definitions:

“Act” Act means Companies Act, 2013 & Rules made thereunder.

“Board of Directors” or “Board” Means the Board of directors of Elegant Marbles and Grani Industries Limited, as constituted from time to time.

“Holding Company” Holding Company in relation to one or more other companies, means a company of which such companies are subsidiary companies.

“Subsidiary Company” Subsidiary Company shall be as defined under the Act.

“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 company and its subsidiaries including incorporated outside India in the immediately preceding accounting year.

“Significant transactions or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

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“Networth” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;

“Audit Committee” Audit Committee means the committee formed under Section 177 of the Act by the Board of the Company, from time to time.

3. Criteria for determining the Material subsidiaries:

3.1. A subsidiary shall be a Material Subsidiary for the financial year, if any of the following conditions are satisfied:

- a. Net worth of the subsidiary exceeds 10% of consolidated Net worth of the Company and its Subsidiaries; or
- b. Income of the subsidiary exceeds 10% of consolidated Income of the Company and its Subsidiaries;

Net worth or Income, as the case may be, shall be as per the audited balance sheet of the immediately preceding accounting year.

3.2. The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined herein.

4. Governance of Material subsidiaries:

4.1. Atleast one Independent Director of the Company shall be a director on the Board of the material unlisted Indian subsidiary company (subsidiary company).

4.2. The Audit Committee of Board of the Company shall review the Financial Statements, in particular, the investments made by the subsidiary company on a quarterly basis.

4.3. The minutes of the Board Meetings of the subsidiary company be placed before the Board of the Company in regular intervals.

4.4. Board of Directors of the Company, review all the significant transactions and arrangements entered into by the subsidiary company, on a quarterly basis.

4.5. On the recommendation of the Nomination and Remuneration Committee of the Company, the Board may appoint such number of Independent Directors in the subsidiary company.

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

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a. dispose the shares held in material subsidiaries which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or

b. ceases the exercise of control over the material subsidiary; or c. sell, dispose or lease of the assets amounting to more than 20% of the assets of the material subsidiary.

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;

4.7. Every listed entity 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, in such form as may be specified.

5. Limitation and Amendments:

This Policy may be amended by the board at any time and is subject to the (i) to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines and enactments by the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

6. Disclosures

This policy shall be hosted on the website of the Company at <https://www.elegantmarbles.com/policies/> and a web link thereto shall be provided in the Annual Report of the Company.