

## **POLICY ON DETERMINATION OF** **MATERIAL SUBSIDIARIES**

## 1. **BACKGROUND**

**Aggcon Equipments International Limited** ["Company"] in compliance of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and amendment thereof, has formulated a policy for determining material subsidiary of the Company and governance of the material subsidiary(ies). As per Regulation 16(1)(C) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and amendment thereof, the listed entity shall have a policy for determination of material subsidiary/ subsidiaries, approved by its Board of Directors.

## 2. **SCOPE**

The material subsidiaries of the Company will be covered under this policy.

## 3. **PURPOSE**

The purpose of this Policy is the determination of Material Subsidiaries and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

## 4. **DEFINITIONS**

- i. **"Audit Committee or Committee"** means the "Audit Committee" constituted by the Board of Directors of the Company, under the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 and amendment thereof and Section 177 of the Companies Act, 2013.
- ii. **"Board"** means the Board of Directors of Aggcon Equipments International Limited;
- iii. **"Company"** means Aggcon Equipments International Limited;
- iv. **"Independent Director"** means a director of the Company, not being a Whole-Time Director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 ("Act");
- v. **"Listing Regulations"** means the Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereof;
- vi. **"Material Subsidiary"** means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year;
- vii. **"Policy"** means this Policy on determination of material subsidiaries.
- viii. **"Significant Transaction or Arrangement"** means 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.
- ix. **"Subsidiary(ies)"** means subsidiary of the Company as defined in the Companies Act, 2013; and rules made thereunder.

All words and expressions used in this policy, unless defined hereafter, shall have the same meaning respectively assigned to them under the SEBI (LODR) Regulations, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("Act") and Rules, notifications and circulars made/issued thereunder, as amended, from time to time.

## **5. POLICY AND PROCEDURE**

The Board of the Company adopted the following policy and procedures on 13.03.2025 with regard to Subsidiaries of the Company:

### **A) INDEPENDENT DIRECTOR ON THE BOARD OF MATERIAL UNLISTED SUBSIDIARY INCORPORATED IN INDIA OR OVERSEAS:**

- i. At least one independent director on the Board of the Company shall be a Director on the Board of an unlisted material Subsidiary, whether incorporated in India or overseas.
- ii. For the purpose of this clause A (i), '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.

### **B) REVIEW OF FINANCIAL STATEMENTS AND MINUTES OF THE UNLISTED SUBSIDIARY**

- i. The Audit Committee of the Company shall also review the financial statements of the unlisted subsidiaries, in particular, the investments made by the unlisted Subsidiary of the Company.
- ii. The minutes of the Board meetings of the unlisted Subsidiary Company shall be placed at the Board meeting of the Company.

### **C) SIGNIFICANT TRANSACTIONS/ARRANGEMENTS OF UNLISTED SUBSIDIARY COMPANIES**

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 and arrangements entered into by the unlisted subsidiary Company.

### **D) RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE 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 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

### **E) RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY BY THE COMPANY**

Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require 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.

### **F) SECRETARIAL AUDIT OF MATERIAL UNLISTED SUBSIDIARIES**

Material Subsidiary, which is unlisted and 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 by SEBI/Stock Exchanges.

### **G) DISCLOSURE OF MATERIAL EVENTS OR INFORMATIONS**

The Company shall disclose all events or information as covered under Regulation 30 of SEBI (LODR) Regulations, 2015 with respect to subsidiaries, which are material for it.

## **H) REPORTING AND DISCLOSURE**

This Policy shall be placed on Company's website and shall also be disclosed in accordance with the applicable provisions of the Act and SEBI (LODR) Regulations, 2015. The Company will disclose this policy in the Annual Report of the Company.

## **I) REVIEW AND AMENDMENT**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the Statutory Provisions and remains effective.

Modification/Amendment, if any to this policy shall be made with the approval of the Managing Director of the Company.

## **J) COMPLIANCE RESPONSIBILITY**

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

## **6. INTERPRETATION**

In case of any conflict between the provisions of this Policy and of Statutory Provisions, the Statutory Provisions shall prevail over this Policy. Any subsequent amendment/ modification in the Statutory Provisions shall be carried out with the approval of the Board of Directors of the Company.

In case of any clarification required with respect to this Policy, kindly contact the Compliance Officer of the Company.

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