

MIL INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

1. INTRODUCTION

This Policy has been formulated for determining “material subsidiary” pursuant to the provisions of Regulations 16 and 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

2. OBJECTIVE

This Policy deals with determination of “material’ subsidiary” of MIL Industries Limited in terms of Regulation 16(1)(c) and Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulations”) which states that the Company shall formulate a Policy for determination of the “material subsidiary”. This Policy is intended to ensure the governance framework of subsidiary.

3. DEFINITIONS

- a) “Act” means Companies Act, 2013 and rules made thereunder.
- b) “Audit Committee” or “Committee” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the Act and the Regulations.
- c) “Board of Director” or “Board” means the Board of Directors of MIL Industries Limited, as constituted from time to time.
- d) “Company” means MIL Industries Limited.
- e) “Holding Company” in relation to a company means a company of which such company is subsidiary company.
- f) “Independent Director” means a director of the Company who satisfies the criteria of independence as specified under the Act and the Regulations.
- g) “Material Subsidiary” means a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- h) “Subsidiary Company” shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013.
- i) Significant transaction 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.

All the words and expressions used in this Policy, unless defined here, shall have meaning respectively assigned to them under the Regulations and in the absence of its definition or explanation therein, as per the Act and the rules, notification and circular made/issued thereunder.

MIL INDUSTRIES LIMITED

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as a material subsidiary, if any of the following conditions is satisfied:

- a) A subsidiary whose income exceeds 10% of the consolidated income of the Company in the immediately preceding accounting year; or
- b) A subsidiary whose net worth exceeds 10% of the consolidated net worth of the Company in the immediately preceding accounting year.

5. PROVISIONS WITH REGARD TO SUBSIDIARY

- a) At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of unlisted material subsidiary, whether incorporate in India or not.

For the purpose of this clause, the term “material subsidiary” shall means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- b) The Audit Committee of the Company shall review the financial statements, in particular the investments made by the unlisted subsidiary.
- c) The minutes of the Board meetings of the unlisted subsidiary shall be placed at the Board meeting of the Company.
- d) 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.
- e) Subsidiary shall not either by its own or through its nominees, holds any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies and any such allotment or transfer of shares of the Company to its subsidiary company shall be void.

6. DISPOSAL OF SHARES / ASSETS OF MATERIAL SUBSIDIARY

The Company shall not, without prior approval by way of passing a special resolution by shareholders:

- a) Dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary; or
- b) Sell, dispose and lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

The provision of this clause shall not be applicable in cases where such divestment, sale, disposal, lease, as the case may be is made under a scheme of arrangement duly approved by the 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.

7. DISCLOSURE

- a) This Policy shall be disclosed on the Company’s website.

MIL INDUSTRIES LIMITED

b) Web link thereto shall be provided in the Annual Report of the Company.

8. AMENDMENT AND UPDATES

a) This Policy is framed pursuant to the provisions of the Regulations.

b) In case of any subsequent changes in the provisions of the Act, Regulations or any other applicable law which makes any of the clause in the Policy inconsistent with the Act, Regulations or such law, then the provisions of the Act, Regulations or such law would prevail over the Policy and the Policy would be modified in due course to make it consistent with the Act, Regulation or such law.

c) This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in the Act, Regulations or other applicable law or as may be felt appropriate by the Board.

d) Any changes/amendment/modification in the Policy will in writing and approved by Board of Directors of the Company.
