

SURAJ INDUSTRIES LTD

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PREFACE

This Policy aims to determine Material Subsidiary(ies) of the Company. This Policy shall be called “Policy for determining material subsidiaries”, which is framed in accordance with the provisions of Regulation 16 (1) (C) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This Policy shall apply for determining material subsidiaries of the Company.

The Board of Directors (the “Board”) of Suraj Industries Ltd. (the “Company) has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined below.

2. POLICY OBJECTIVE

This policy deals with determination of Material Subsidiaries of Suraj Industries Ltd. in terms of Regulation 16 (1) (C) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 which states that the Company shall formulate a policy for determination of the Material Subsidiary and the policy is intended to ensure the governance framework of material subsidiary companies.

3. DEFINITIONS

“Act” means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 / erstwhile Listing Agreement and the Companies Act, 2013.

“Board of Director” or “Board” means the Board of Directors of Suraj Industries Ltd, as constituted from time to time.

“Company” means Suraj Industries Ltd.

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

“Independent Director” means a non- executive director, other than a nominee director of the Company, who is neither a promoter nor belongs to the promoter group of the

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Company and who satisfies other criteria for independence under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made there under.

“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 listed entity and its subsidiaries in the immediately preceding accounting year.

“Net Worth” shall mean the net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed (10 %) ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

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

4. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as Material Subsidiary, if the following condition is satisfied:

4.1 If the Income or Net Worth exceeds 10 (ten) percent of the Consolidated Income or Net Worth respectively, of the Listed entity and its Subsidiaries in the immediately preceding accounting year.

5. PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

5.1 At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation — For the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16, the term “Material Subsidiary” shall mean a Subsidiary, whose Income or Net Worth exceeds 20 (Twenty) percent of the Consolidated Income or Net Worth respectively, of the Listed entity and _ its Subsidiaries in the immediately preceding accounting year.

5.2 The Audit Committee of the company shall review the financial statements, in particular the investments made by the unlisted subsidiary company;

5.3 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed company;

5.4 The management shall periodically bring to the attention of the Board of Directors of the

company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;

5.5 Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

6. DISPOSAL OF MATERIAL SUBSIDIARY

6.1 The Company shall not, without prior approval by way of passing a special resolution in its General Meeting:

- a. 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; 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.

6.2 The provision of clause 6.1 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.

7. DISCLOSURE

7.1 This Policy shall be disclosed on the Company's website at www.surajindustries.org

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

8. AMENDMENT AND UPDATES

8.1 The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the policy.

8.2 The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

This Policy is amended and approved by the Board on May 30, 2023.