



SILGO RETAIL LIMITED

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARY

1. PREAMBLE

The Board of Directors (the “Board”) of SILGO RETAIL LIMITED (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

This Policy will be applicable to the Company effective August 01, 2018. This Policy is in terms of Regulation 16 of the SEBI (LODR) Regulations, 2015 with the Stock Exchanges.

2. OBJECTIVE

The purpose of forming the Policy is to determine the Material Subsidiaries of Company and to provide the governance framework for such subsidiaries.

3. DEFINITIONS

- a. “Act” means Companies Act, 2013 & rules made there under.
- 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 Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015 with the Stock Exchanges.
- c. “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 section 149 of Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015 with the Stock Exchanges.
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- d. “Holding Company”: Holding Company in relation to one or more other companies, means a company of which such companies are subsidiary companies.
- e. “Networth” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;



- f. "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 in the immediately preceding accounting year.
- g. "Policy" means Policy on determination of Material Subsidiary.
- h. "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 material unlisted subsidiary for the immediately preceding accounting year.
- i. "Subsidiary" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

4. IDENTIFICATION

A subsidiary shall be a Material Subsidiary, if its 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.

5. PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

- a. The Audit Committee of the company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- b. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company;
- c. 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 shall be placed before the Board;
- d. 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.

Nothing contained in this clause, shall apply to a case:

- Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
- Where the subsidiary company holds such shares as a trustee; or
- Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.



- e. The Company shall not directly/indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
- f. The Company shall include particulars of its subsidiary companies in its annual return;
- g. The Company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;
- h. The Company shall, along with its financial statements to be filed with the Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- i. The Company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the Company, who asks for it.

6. PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARIES

- a. 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 company whether incorporated in India or not.

For the purpose of this provision, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, the term “Material Subsidiary” shall mean 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 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 Material Subsidiary without passing a special resolution in its general meeting 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 with one day of the resolution plan being approved;
- c. The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without the prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by 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 with one day of the resolution plan being approved;
- d. 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



7. DISCLOSURES

The Policy for determining material subsidiaries shall be uploaded on the website of the Company and shall be disclosed in such other way as per the requirement of provisions of law in force.

AMENDMENT

This policy will be reviewed by the Board of Directors of the Company or by any of its Committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Effective Date

This Policy is effective from 1st April, 2019.
