

## POLICY FOR DETERMINING MATERIAL SUBSIDIARY

(Policy approved and adopted by the Board of Directors of the Company)

### A. BACKGROUND:

This policy is framed, inter-alia, pursuant to Regulation 16(c) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 to determine the Material Subsidiaries of Oval Projects Engineering Limited (the 'Company') and to provide the governance framework for such Material subsidiaries as prescribed under the aforesaid Regulations.

Accordingly, the Board of the Directors of Oval Projects Engineering Limited ("Company") had initially approved and adopted the "Policy for Determining Material Subsidiary" ("Policy") of the Company.

### B. OBJECTIVES:

This Policy is framed and adopted to determine the "Material Subsidiary (ies) of the Company" and to provide the Governance Framework for such Subsidiary (ies). In determining whether or not a subsidiary of the Company is or has become a material subsidiary, the Company shall be guided by and follow this Policy and the applicable provisions of the Listing Regulations. Where there is a conflict between this Policy and the Listing Regulations, the provisions of the Listing Regulations shall prevail in making such determination.

### C. DEFINITIONS:

"Material Subsidiary" shall have the meaning as defined in Regulation 16(1)(c) of the Listing Regulations, pursuant to which a material subsidiary means 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.

"Unlisted Subsidiary" means subsidiary of the Company whose securities are not listed on any Stock Exchange(s) in India provided that where this term is defined (whether by way of definition, clarification or explanation) under the Listing Regulations, it shall have the meaning as per such definition. All terms used in the policy, but not defined above shall have the meanings described to them in the Act or the Regulations, as the case may be.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or any other applicable regulations.

### D. GOVERNANCE FRAMEWORK:

i. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the unlisted material subsidiary, whether incorporated in India or not. For this purpose, the term "material subsidiary" shall mean a subsidiary, whose income or Net Worth

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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.

ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company (including the unlisted material subsidiary).

iii. The minutes of the meetings of the Board of Directors of the unlisted subsidiary (including the unlisted material subsidiary) shall be placed at the meeting of the Board of Directors of the Company or their review and consideration.

iv. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary (including the unlisted material subsidiary).

The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company, in accordance with Regulation 30(9) of the Listing Regulations.

#### **E. DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY:**

The Company shall not 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 50% (fifty percent) 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 Code and such an event is disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved. Selling, disposing and leasing of assets amounting to more than 20% (twenty percent) 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 1 (one) day of the resolution plan being approved.

#### **F. AMENDMENTS TO THE POLICY:**

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority. In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy.

  


**G. DISCLOSURE OF THE POLICY:**

The Company shall disclose this Policy on its website. The necessary disclosure, if any, about the policy will also be made as per the requirements of Listing Regulations and Companies Act 2013.

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