
EMERALD TYRE MANUFACTURES LIMITED POLICY ON MATERIAL SUBSIDIARIES

1. Introduction

The Board of Directors (The “Board”) of Emerald Tyre Manufactures Limited ‘Emerald’ (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 has been formed in terms of Regulation 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

2. Policy Objective

To determine the Material Subsidiaries of Emerald and to provide the governance framework for such subsidiaries.

3. All the Words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the SEBI’s LODR, Regulations 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

4. Definitions

- i. “Act” means the Companies Act 2013 as may be amended from time to time.
- ii. “Audit Committee or Committee” means Audit Committee constituted by the Board of Director of the Company, from time to time under provisions of the Companies Act, 2013.
- iii. Board of Directors or Board means the Board of Directors of Emerald, as constituted from time to time.
- iv. Company means Emerald Tyre Manufactures Limited ‘Emerald’.
- v. Independent Director means a Director of the Company, not being a whole time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 and the SEBI’s LODR, Regulations 2015 entered into with the Stock Exchanges.
- vi. Policy means Policy on Material Subsidiary.
- vii. Material Subsidiary shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- viii. Significant Transaction or Arrangement shall mean 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 shall be as defined under the Companies Act, 2013 and the Rules made thereunder.
- x. Foreign Subsidiary means a Company or body corporate formed outside India.

5. Policy

- i. A subsidiary shall be a Material Subsidiary, which has generated ten percent of the consolidated turnover or net worth respectively of the Company during the previous financial year.
- ii. 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. For the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company during the previous financial year.”
- iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- iv. The minutes of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- v. The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation: the term significant transactions 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 immediate proceeding accounting year.

6. Disposal of shares in Material Subsidiary

The Company shall not:

- i. dispose of the 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 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 one day of the resolution plan being approved.

- ii. sell, dispose off and lease assets amounting to more than 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 one day of the resolution plan being approved.

iii. Policy Review

This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.

iv. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the LODR / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.