

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The Board of Directors of Murudeshwar Ceramics Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

The Objective of this Policy is to determine the “Material Subsidiaries of the Company” and to provide the Governance Framework for such Subsidiaries.

Definitions:

“**Act**” means the Companies Act 2013 as may be amended from time to time.

“**Board of Directors**” or “**Board**” means the Board of Directors of Murudeshwar Ceramics Limited, as constituted from time to time.

“**Company**” means Murudeshwar Ceramics Limited.

“**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 the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

“**Subsidiary**” means a subsidiary as defined under the Act and Rules made there under. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, The SEBI (LODR) Regulations, 2015, The Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

“**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.

“**Material non-listed Indian Subsidiary**” shall mean an unlisted Subsidiary, incorporated in India, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“**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 material unlisted Subsidiary for the immediately preceding accounting year.

“**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

CIN: L26914KA1983PLC005401

REGD. OFF. MURUDESHWAR BHAVAN, 604/B, GOKUL ROAD, HUBLI 580 030.

Phone: 9180-42897000; Email: cosec@naveentile.com, Website: www.naveentile.com

Governance Framework:

- a. At least one Independent Director of the Company shall be a Director on the Board of an unlisted material Subsidiary, incorporated in India.
- b. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
- c. The minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed at the meeting of the Board of Directors of the Company.
- d. 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.
- e. 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 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.
- f. Selling, disposing and leasing of 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.

Policy Review

This Policy shall be subject to review as may be deemed necessary by the Board of Directors/Administrative Committee and in accordance with any Regulatory Amendments.

Reviewed and updated at the Board Meeting held on 12.02.2022