



KANODIA CEMENT LIMITED

Policy for determining ‘Material Subsidiaries’

[Pursuant to provisions of Regulation 24 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 & amendments made thereto]

Regd. Office:

D-19, UPSIDC Land Industrial Area, Sikandrabad, Bulandshahr, UP-203205

Corporate Office:

A-21, Sector-16, NOIDA, Gautam Buddha Nagar, UP-201301

PREAMBLE AND PURPOSE

This Policy is made in accordance with the requirements of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“SEBI LODR”) with effect from the date of approval in the Board meeting of Company and is intended to ensure governance of the Company’s material subsidiary companies.

The Board of Directors (the “Board”) of the Company has adopted the following policy with regard to the determination of its Material Subsidiaries. The Company is required to disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.

DEFINITIONS

1. “Audit Committee” means Audit Committee constituted by the Board of Directors of Company, from time to time, under Section 177 of the Companies Act, 2013 and SEBI Listing Regulations.
2. “Board” means the board of directors of Company, as constituted from time to time.
3. “Holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies and defined under section 2(46) of Companies Act, 2013 ;
4. “Insolvency Code”, means Insolvency and Bankruptcy Code, 2016, as amended;
5. “Policy” means the policy for determining Material Subsidiaries.
6. “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.
7. “Subsidiary” shall mean a subsidiary as defined under the Companies Act, 2013.

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

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as material if its income or net worth exceeds 10% (ten per cent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year (“Material Subsidiary”).

The Audit Committee shall on annual basis review such details / information as may be required to

determine the 'Material Subsidiaries'.

GUIDING PRINCIPLES

Material Subsidiary of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion shall be placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

GOVERNANCE OF MATERIAL SUBSIDIARIES

- a) At least one independent director on the Board shall be appointed as a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not.

Notwithstanding anything contained in this Policy, for the purpose of above, 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 Audit Committee shall review the financial statements, in particular, the investments made by the unlisted Material Subsidiary. 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 listed entity.
- c) The Company 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.
- d) The management of the unlisted Material Subsidiary shall periodically bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the Material Subsidiary.
- e) The Company shall not dispose of shares in its Material Subsidiary which would reduce the shareholding of the Company (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over such Material 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.
- f) The Company shall not sell, dispose off or and lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without 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.

- g) The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the SEBI Listing Regulations.

DISCLOSURES

The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

POLICY REVIEW

The Board, subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy. 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.

Further, the Company Secretary and Chief Financial Officer are jointly authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or SEBI.

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This Policy has been adopted at the Board Meeting held on 22.03.2025 (Saturday).