



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Approved by	Audit Committee and Board of Directors
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SENCO GOLD LIMITED

CIN: L36911WB1994PLC064637

Registered & Corporate Office:

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Unit no. 1001, Kolkata-700017, West Bengal, India

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. SCOPE

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires every Listed Company to formulate a Policy to determine the Material Subsidiary.

The Board of Directors (“the Board”) of Senco Gold Limited (“the Company”) has adopted the following policy and the Board may amend this policy from time to time.

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard. In case of any subsequent amendments to the Regulations which makes any of the provisions in the Policy inconsistent, the provisions of the Regulations shall prevail.

2. OBJECTIVE

The Policy intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

The objective of this Policy is to determine (a) meaning of Material Subsidiary (b) requirement of Independent Director in certain unlisted material subsidiaries, incorporated in India (c) Restriction on disposal of shares of Material Subsidiary by the Company (d) Restriction on transfer of assets of Material Subsidiary and (e) disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

- (a) **"Audit Committee or Committee"** means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations, 2015 and the Companies Act, 2013, from time to time.
- (b) **"Company"** means Senco Gold Limited.
- (c) **"Independent Director"** means an Independent Director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the Listing Regulations, 2015.
- (d) **"Policy"** means policy on Material Subsidiaries.
- (e) **"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.

- (f) **“Subsidiary Company”** or **“Subsidiary”**, in relation to any other company (that is to say the holding company), means a company in which the holding company— (i) controls the composition of the Board of Directors; or (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation. —For the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression “company” includes any body corporate;
- (d) “layer” in relation to a holding company means its subsidiary or subsidiaries.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation

4. APPLICABILITY

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines A Subsidiary as Material Subsidiary if either of the following two conditions are satisfied:

- if the net worth of the subsidiary exceeds 10 per cent of the consolidated net worth of Company and its subsidiaries in the immediately preceding accounting year **or**;
- the turnover of the subsidiary exceeds 10 per cent of the consolidated turnover of Company and its Subsidiaries in the immediately preceding accounting year.

5. POLICY

1. A list of all subsidiaries together with the details of the materiality defined herein shall be submitted to the Audit Committee for review the same and suitable recommendations to the Board.
2. A statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company.

3. 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.
4. The Audit Committee of the Company shall review on an annual basis the financial statements, in particular, the investments made by the unlisted material subsidiaries.
5. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
Explanation- For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 of the Listing Regulations, 2015, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
6. The Company's material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex the secretarial audit report with the annual report of the company
7. The Company shall not without the prior approval of the Shareholders by way of Special resolution:
 - (a) 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 or equal to 50% or cease the exercise of control over the subsidiary 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 and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
 - (b) Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

The above shall not be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the listed entity.

6. DISCLOSURE

As prescribed by revised Clause 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

7. REVIEW OF THE POLICY

The audit committee shall review this Policy periodically.

However, all such amendments will be subject to applicable laws, rules and regulations, from time to time.

The Company Secretary & Compliance Officer may update this policy from time to time only to the extent so as to reflect any changes SEBI (LODR) Regulations, 2015 as amended from time to time and the updated version be issued and published as necessary, without any requirement for approval from the Board.

8. COMPLIANCE OFFICER

Compliance of this Policy shall be the responsibility of the Chief Financial Officer of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

9. EFFECTIVE DATE

This Policy is effective immediately from the date of Listing of Equity Shares of the Company.