



Ester Industries Ltd
Policy on Material Subsidiaries

1. SCOPE AND PURPOSE

Clause 49 of Listing Agreement requires the Company to formulate a policy for determining “Material Subsidiaries”.

This policy has been framed to set out the criteria to determine “Material Subsidiaries’ of Ester Industries Limited in accordance with provision of Clause 49 of the Listing Agreement.

2. DEFINITIONS

- **Board** means Board of Directors of Ester Industries Limited.
- **Audit Committee** means the committee of Ester Industries Limited formed under Section 177 of the Companies Act, 2013.
- **Subsidiary Company** – Any Company which is Subsidiary Company in terms of Section 2(87) of the Companies Act, 2013
- **Significant transaction or arrangement** - It 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 financial year.

3. IDENTIFICATION

A) Material Subsidiary

A subsidiary shall be considered as material in any of the following conditions -

- the investment of the company in the subsidiary exceeds 20% of its consolidated net worth of Ester Industries Limited as per the audited balance sheet of the previous financial year **or**
- if the subsidiary has generated 20% of the consolidated income of Ester Industries Limited during the previous financial year.

B) Material non-listed Indian subsidiary

It shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.

4. GOVERNANCE FRAMEWORK

- At least one independent director on the Board of Ester Industries Limited shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- Audit Committee shall, on quarterly basis, review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of Ester Industries Limited on quarterly basis.
- A statement of all significant transactions and arrangements entered into by the unlisted subsidiary company shall be placed on quarterly basis to the attention of the Board of Directors of Ester Industries Limited.
- Ester Industries Limited shall not dispose of its shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 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.
- 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 shall require prior approval of shareholders of Ester Industries Limited by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

5. GENERAL

Notwithstanding anything contained in this policy, the Company shall ensure to comply with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company, from time to time.

6. DISCLOSURES

The Policy for determining material subsidiaries is to be disclosed on the Company's website at www.esterindustries.com and a web link shall be provide in the Annual Report.

7. REVIEW AND AMENDMENT

In case of any amendment, changes in Listing Agreement or any other law which makes any of the provisions in the policy inconsistent with their provisions then the provisions of the Listing Agreement or such law would prevail over the policy and the

provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.