EMMBI INDUSTRIES LIMITED

Building responsibly. Operating sustainably.

Policy for Determining Material Subsidiaries

EMMBI INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Pursuant to Regulation 16(1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time)

1. POLICY OBJECTIVE

Emmbi Industries Limited (the "Company") has formulated this Policy for Determining Material Subsidiaries in accordance with Regulation 16(1)(c) read with Regulation 24 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

2. DEFINITIONS

"Act" or "Companies Act" means the Companies Act, 2013 including any statutory modification or re-enactment thereof.

"Audit Committee" means the Committee of the Board constituted under Section 177 of the Act and Regulation 18 of the Listing Regulations.

"Company" means Emmbi Industries Limited.

"Holding Company" is as defined under Section 2(46) of the Act.

"Independent Director" means an Independent Director as defined under Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations.

"Peer Reviewed Company Secretary" means a Company Secretary in practice, who is either practising individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India, as required under Regulation 24A of the Listing Regulations with effect from 1 April 2025.

"Secretarial Auditor" means a Peer Reviewed Company Secretary or a firm of Company Secretaries holding a valid peer review certificate, appointed to conduct the Secretarial Audit of the Company and its material unlisted subsidiaries incorporated in India, pursuant to Regulation 24A of the Listing Regulations, as amended with effect from 1 April 2025.

"Subsidiary Company" is as defined under Section 2(87) of the Act.

"Material Subsidiary" shall mean a subsidiary whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year, as per Regulation 16(1)(c) of the Listing Regulations, as amended by the SEBI (LODR) Third Amendment Regulations, 2024 (substituting "income" with "turnover").

"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.

3. CRITERIA FOR DETERMINING MATERIAL SUBSIDIARIES

A subsidiary shall be a Material Subsidiary if:

- its turnover exceeds ten percent (10%) of the consolidated turnover of the listed entity and its subsidiaries in the immediately preceding accounting year; or
- its net worth exceeds ten percent (10%) of the consolidated net worth of the listed entity and its subsidiaries in the immediately preceding accounting year.

The above criteria shall be computed on the basis of the last audited annual financial statements of the Company and its subsidiaries.

The Board of Directors shall maintain an updated list of subsidiaries including their classification as material or otherwise, and shall review this list at least annually.

Explanation: For the purpose of appointing an Independent Director of the listed entity on the board of the unlisted material subsidiary (as required under Regulation 24(1)), the term 'material subsidiary' shall mean a subsidiary whose turnover or net worth exceeds twenty percent (20%) of the consolidated turnover or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

4. GOVERNANCE FRAMEWORK (Regulation 24)

4.1 Independent Director

At least one Independent Director on the Board of the Company shall be a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.

4.2 Audit Committee Review

The Audit Committee of the Company shall review the financial statements of the unlisted subsidiary, in particular, the investments made by such unlisted subsidiary company, at least on a quarterly basis.

4.3 Board Minutes

The minutes of the Board meetings of unlisted subsidiary companies shall be placed before the Board of Directors of the Company at its next Board meeting.

4.4 Significant Transactions

The management shall periodically bring to the attention of the Board of Directors of the Company a statement of all Significant Transactions and Arrangements entered into by unlisted subsidiary companies.

4.5 Annual Review by Audit Committee

The management shall present to the Audit Committee annually the list of subsidiaries together with details of the materiality criteria determined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

4.6 Secretarial Audit (Regulation 24A — as amended w.e.f. 1 April 2025)

Every material unlisted subsidiary incorporated in India shall undertake a Secretarial Audit conducted by a Peer Reviewed Company Secretary or a firm of Company Secretaries (Secretarial Auditor) holding a valid peer review certificate from the Institute of Company Secretaries of India. The Secretarial Audit Report shall be annexed with the Annual Report of the Company.

The appointment, reappointment, and removal of the Secretarial Auditor of the Company and its material unlisted subsidiaries shall be as per the provisions of Regulation 24A of the Listing Regulations, as amended with effect from 1 April 2025, which inter alia provides:

- The Secretarial Auditor must be a Peer Reviewed Company Secretary.
- The appointment of the Secretarial Auditor shall require approval of the shareholders.
- The Secretarial Auditor shall not provide any non-audit services to the Company unless specifically permitted by the Board.
- Tenure limits and eligibility conditions as prescribed by SEBI from time to time shall be applicable. Prior association of the Secretarial Auditor before 31 March 2025 shall not be counted towards calculating tenure limits under the amended regulation.

5. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:

- Dispose of shares in its material subsidiary which would reduce the Company's shareholding (either on its own or together with other subsidiaries) to less than 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.
- Sell, dispose of, or lease assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale, disposal, or lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. DISCLOSURE

This Policy shall be disclosed on the website of the Company and the web link to the Policy shall be provided in the Annual Report in accordance with Schedule V to the Listing Regulations.

The Secretarial Audit Report of each material unlisted subsidiary shall be disclosed in the Annual Report of the Company.

7. POLICY AMENDMENT AND REVIEW

The Board of Directors of the Company shall review and amend this Policy from time to time to align it with applicable laws, rules, notifications, circulars, and regulations.