

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

• Purpose and Scope

The policy for determining Material Subsidiaries has been framed in accordance with the provisions of Regulation 16 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The policy will be used to determine Material Subsidiaries of the Company and to provide governance framework for such subsidiaries.

All the words and expressions used in this policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

• Identification of “Material Subsidiary”

A subsidiary shall be considered material if its income or net worth exceeds 10 per cent of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding financial year.

• Governance Framework

- i. The Audit Committee of the company shall periodically review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- ii. The minutes of the board meeting of unlisted subsidiary company shall be placed before the board of directors.
- iii. The Management of the unlisted subsidiary shall periodically bring to the attention of the board of directors of the Company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary companies.

A transaction or arrangement shall be considered significant if it exceeds or likely to exceed 10 percent 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 financial year.

- iv. At least one independent director of the company shall be the director on the board of the unlisted material subsidiary company, whether incorporated in India or not. For the purposes of this provision, notwithstanding anything to the contrary contained in Clause 2 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 financial year.
- v. The company shall obtain prior approval of shareholders by way of special resolution, if the disposal of shares in its material subsidiaries (either on its own or together with other subsidiaries) results in reduction of its shareholding, to less than 50% or company ceases the exercise of control over such subsidiary.

Such approval shall not be required if the disinvestment is :

- Under a scheme of arrangement duly approved by a Court/tribunal, or

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CIN: L51900MH1985PLC037036

- under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code and such event is disclosed to the recognized stock exchange within one day of the resolution plan being approved.
- vi. The Company shall obtain prior approval of members by way of special resolution, if any sale or disposal and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year;
Such a approval shall not ne required, if such sale, disposal or lease of assets is:
 - 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 event is disclosed to the stock exchange within 1 (one) day of resolution plan being approved.
- vii. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed with the Annual Report of the company.

• **Policy Review**

This policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

• **Website**

This Policy shall be hosted on the website of the company.

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