



SHIPPING CORPORATION OF INDIA LAND AND ASSETS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(With immediate effect in terms of approval of Board of Directors on 04.02.2025)

1. PURPOSE

1.1 The Company has formulated a Policy under the nomenclature “**Policy for determining Material Subsidiaries**” in accordance with the requirements under Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to “SEBI Listing Regulations/SEBI LODR”) for ensuring governance of material subsidiary(ies) companies of Shipping Corporation of India Land and Assets Limited.

1.2 Accordingly, the Board of Directors of SCILAL has initially adopted the policy and procedures with regard to determination of Material Subsidiaries as enumerated below in its meeting dated 06.04.2023. This Revised Policy shall be applicable throughout SCILAL with effect from 04.02.2025.

2. DEFINITIONS

2.1 “**SCILAL / the Company**” means Shipping Corporation of India Land and Assets Limited.

2.2 “**Audit Committee**” means the Audit Committee of the Board constituted by the Board of Directors of the Company in accordance with provisions of Section 177 of Companies Act, 2013, Regulation 18 of the SEBI Listing Regulations and DPE Guidelines on Corporate Governance for CPSEs - 2010.

2.3 “**Board**” means the Board of Directors of the Company as defined under Section 2(10) of the Companies Act, 2013.

2.4 “**Insolvency Code**” means the Insolvency and Bankruptcy Code, 2016.

2.5 “**Material Subsidiary**” in terms of Regulation 16(1)(c) of the SEBI Listing Regulations shall mean, a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

2.6 “**Significant Transaction or Arrangement**” in terms of Regulation 24(4) of the SEBI Listing Regulations 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.

2.7 “**Subsidiary Company**” means a subsidiary company as defined under Section 2(87) of the Companies Act, 2013 and the Rules made there under.

2.8 “**Secretarial Auditor**” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

2.9 “**Peer Reviewed Company Secretary**” means a Company Secretary in practice, who is either practicing 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.

3. PROCEDURE AND POLICY

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

(Explanation- for the purpose of this provision, notwithstanding anything to the contrary contained in regulation 16 of SEBI Listing Regulations, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of Company and its subsidiaries in the immediately preceding accounting year)

- 3.2 The Company shall not 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 fifty percent 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, 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.
- 3.3 Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require 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.

Provided, nothing contained in this clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

- 3.4 The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- 3.5 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.
- 3.6 The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- 3.7 The Company and its material unlisted subsidiary incorporated in India shall undertake Secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the Company.

4. DISCLOSURE

- 4.1 This Policy shall be placed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.
- 4.2 Adequate disclosure relating to the subsidiary companies, as may be required under the provisions of the Companies Act, 2013, SEBI Listing Regulations and DPE Guidelines on Corporate Governance for CPSEs, shall be made by the Company from time to time.

5. MODIFICATIONS AND AMENDMENTS

- 5.1 Any subsequent notification, circular, guidelines or amendments under SEBI LODR, Regulations 2015 and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.
- 5.2 Any subsequent notification, circular, guidelines or amendments in the following may forthwith be implemented by the Company and consequent changes in this Policy shall be carried out with approval from Chairperson & Managing Director of SCILAL and be communicated on the relevant platform:
- ❖ The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015,
 - ❖ The Companies Act, 2013 and rules made there under
 - ❖ Any other statutory or regulatory law.

Provided the Board is kept informed about the said amendment at the first Board Meeting held after such amendment.

- 5.3 Any amendment for the reasons other than those mentioned above shall need approval by the Board of Directors

6. LIMITATION

- 6.1 In the event of any conflict between the provisions of this Policy and SEBI Listing Regulations/ Companies Act, 2013 or any other statutory enactments, rules, then, the provisions SEBI Listing Regulations / Companies Act, 2013 or other statutory enactments, rules, as the case may be shall prevail over this Policy and shall be adhered to accordingly by all concerned.

Schedule of amendments in the Policy

Version No	Financial Year	Changes/Comments	Approved by	Date of Approval
1	2023-24	Initially adopted	Board of Directors	06-04-2023
2	2024-25	Amended	Board of Directors	04-02-2025