



ASSOCIATED ALCOHOLS & BREWERIES LIMITED

(CIN: L15520MP1989PLC049380)

Registered & Corporate Office: 4th Floor, BPK Star Tower, A.B. Road, Indore - 452008

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES

The Securities and Exchange Board of India (“SEBI”) issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the ‘LODR Regulations’) on September 02, 2015, effective from December 01, 2015, with an aim to consolidate and streamline the provisions of listing agreements thereby ensuring better enforceability. Regulation 16(1)(c) of the LODR Regulations requires every listed Company to formulate a Policy for determining material subsidiary. Accordingly, the Board of the Directors of CL Educate Limited (the “Company”) had initially approved and adopted the “Policy for Determining Material Subsidiary” (“Policy”) of the Company on April 14, 2017.

Pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, this Policy is being revised to ensure conformity with the above amendments. Accordingly, the Board of Directors has approved and adopted this revised policy

TITLE:

This Policy shall be called ‘Revised Policy for determining material subsidiaries’.

OBJECTIVES:

This Policy is framed and adopted to determine the “Material Subsidiary(ies) of the Company” and to provide the Governance Framework for such Subsidiary(ies). In determining whether or not a subsidiary of the Company is or has become a material subsidiary, the Company shall be guided by and follow this Policy and the applicable provisions of the LODR Regulations. Where there is a conflict between this Policy and the LODR Regulations, the provisions of the LODR Regulations shall prevail in making such determination.

DEFINITIONS

In this Code, unless the context otherwise requires:

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company, from time to time, in accordance with section 177 of the Companies Act 2013 and Regulation 18 of the LODR Regulations.

“**Independent Director**” shall mean an Independent Director of the Company who satisfies the criteria of Independence under the Companies Act, 2013 & LODR Regulations, as amended from time to time.

“Material Subsidiary” shall have the meaning as defined in Regulation 16(1)(c) of the LODR Regulations, pursuant to which a material subsidiary means a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“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.

“Subsidiary” shall mean as defined under Section 2 (87) of the Companies Act, 2013 and the Rules made thereunder.

“Unlisted Subsidiary” means subsidiary of the Company whose securities are not listed on any Stock Exchange(s) in India provided that where this term is defined (whether by way of definition, clarification or explanation) under the LODR Regulations, it shall have the meaning as per such definition.

All terms used in the policy, but not defined above shall have the meanings as defined in the Act or the Regulations, as the case may be.

CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY

i. 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 purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.]

ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company (including the unlisted material subsidiary).

iii. The minutes of the meetings of the Board of Directors of the unlisted subsidiary (including the unlisted material subsidiary) shall be placed at the meeting of the Board of Directors of the Company.

iv. 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 or arrangements entered into by the unlisted subsidiary (including the unlisted material subsidiary).

v. 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 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.

vi. 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 is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

SECRETARIAL AUDIT OF MATERIAL SUBSIDIARY

Every Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, with effect from the year ended March 31, 2019.

AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company