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# MILESTONE GEARS LIMITED

*(Formerly known as Milestone Gears Private Limited)*

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. PREAMBLE

The primary purpose of this Policy is to lay down the criteria for identification of Material Subsidiary(ies) and disclosure and governance thereof as required under the SEBI Listing Regulations.

Regulation 16 of The Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015 ("Listing Regulations"), requires a listed company to frame a policy for determining a material subsidiary, which shall be hosted on the website of Milestone Gears Limited (hereinafter referred to as "the Company") and the web link of the same is to be disclosed in the section titled as 'Corporate Governance Report' of the Annual Report of the Company.

This policy shall be governed by the provisions of the SEBI Act, Rules and Regulations made thereunder and all other applicable laws for the time being in force.

~~The Board of Directors of **Milestone Gears Limited** ("**the Company**") (in compliance with the Regulation 16(1)(c) read with Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 had adopted the Policy for determining 'material' subsidiaries ("Policy").~~

### 2. OBJECTIVES

This policy determines the criteria for identification of a Material Subsidiary, and disclosure thereof as required under the Listing Regulations. This Policy also intends to inter alia, ensure governance of Material Subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company, as well as restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

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3. **EFFECTIVE DATE :**

The Policy shall come into force with effect from November 30, 2025

4. **DEFINITIONS:**

**"Act"** means the Companies Act, 2013 & rules made thereunder, including any amendments or modifications thereof.

**"Audit Committee"** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI Listing Regulations.

**"Board"** means the board of directors of the Company, as constituted from time to time.

**"Independent Director"** means an Independent Director as defined under the Act and the SEBI Listing Regulations from time to time.

**"Holding company",** means a holding company as defined under Section 2(46) of the Act.

**"Insolvency Code**", means Insolvency and Bankruptcy Code, 2016, as amended; **"Material Subsidiary"** means a material subsidiary of the Company as under Regulation 16(1)(c) of the SEBI Listing Regulations, or as may be amended in the SEBI Listing Regulations from time to time.

**"Net Worth"** means net worth as defined under section 2(57) of the Companies Act, 2013.

**"Subsidiary"** shall mean a subsidiary as defined under the Companies Act, 2013. **"Unlisted Subsidiary"** means a Subsidiary of the Company whose shares are not listed on any stock exchange.

**Any other term** not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations or any other applicable regulations.

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## 5. CRITERIA FOR DETERMINING THE MATERIAL SUBSIDIARIES:

A subsidiary shall be considered as material if –

a. The income or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
b. A list of such Material Subsidiaries shall be presented to the Audit Committee annually for its noting.

## 6. GUIDING PRINCIPLES:

Material Subsidiary of the Company would be identified, if any, as a one-time exercise annually and such exercise may be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification may be conducted soon after preparation of annual accounts and the outcome will be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

## 7. GOVERNANCE OF MATERIAL SUBSIDIARIES:

### (a) Appointment of Independent Director

At least one Independent Director on the Board shall be appointed as a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not. Notwithstanding anything contrary contained in this Policy, for the purpose of Clause 6(a), the term "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

### (b) Matter to be reviewed by the Audit Committee

The Audit Committee shall review:

- the financial statements, particularly the investments made by the Unlisted Material Subsidiary.

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- Utilization of loans and/or advances from/investment in the subsidiary exceeding Rs. 10 crore (Rupees Ten Crores) or 10% of the asset size of the subsidiary, whichever is lower.

**(c) Matter to be reviewed by the Board**

The Board of Directors shall review:

- The minutes of the meetings of the board of directors of the Unlisted Material Subsidiary shall be placed at the meeting of the Board for their review and consideration.

- The management of the Unlisted Subsidiary shall periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary.

**Explanation**: The term "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, and shall be in accordance with any meaning as may be provided for "significant transaction or arrangement" under Regulation 24(4) of the SEBI Listing Regulations, from time to time.

**(d) Disposal of shares or Assets of Material Subsidiary**

The Company shall not dispose of shares in its Material Subsidiary which would reduce the shareholding of the Company (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over such Material 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.

The Company shall not sell, lease or dispose of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year without 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.

**(e) Secretarial Audit**

The Unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit; and the Company shall annex with its annual report, a Secretarial Audit Report, given by a Company Secretary in Practice.

**(f) Disclosure under Regulation 30 of SEBI Regulations**

The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company, in accordance with Regulation 30(9) of the SEBI Listing Regulations

**(g)** Additionally, in accordance with Regulation 30 (9) of the SEBI Listing Obligations and Disclosure Requirements, 2015, the Company shall disclose events or information with respect to subsidiaries which are material for the Company, as and when such event or information arises."

8. **<u>DISCLOSURE</u>**:

The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

9. **<u>Policy Review</u>**:

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy.

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