



# OCTAL CREDIT CAPITAL LIMITED

CIN – L74140WB1992PLC055931

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## POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF OCTAL CREDIT CAPITAL LIMITED

### **A. BACKGROUND:**

This Policy has been formulated in accordance with Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof (“Listing Regulations”), which requires every listed Company to formulate a Policy for determining material subsidiary.

Accordingly, the Board of the Directors of Octal Credit Capital Limited (the “Company”) has approved and adopted the “Policy for Determining Material Subsidiary” (“Policy”) of the Company in its meeting held on 14<sup>th</sup> February, 2023 and the said Policy shall be effective from the day company shall have Subsidiary /Material subsidiary.

### **B. OBJECTIVES:**

As the name suggests, material subsidiaries of the Company have a significant impact on the financials of the Company and therefore warrants a proper procedure for their identification. 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) along with the manner in which transactions may be entered into with such Material Subsidiaries.

### **C. DEFINITIONS**

In this Code, unless the context otherwise requires:

“**Act**” means the Companies Act, 2013 including any statutory modifications or reenactments thereof.

“**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 Listing Regulations.

“**Board**” means the Board of Directors of Octal Credit Capital Limited, as constituted from time to time

“**Independent Director**” means a director of the Company as defined in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations

“**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 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**Net worth**” means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

“**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.

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

“**Unlisted Subsidiary**” means a subsidiary of the Company whose securities are not listed on any Stock Exchange(s) in India

Any other word(s) used in this Policy but not defined herein shall have the same meaning as defined in the Act including any statutory modifications or re-enactments thereof.

## **D. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARIES OF THE COMPANY**

*Once a Subsidiary is identified as **Material Subsidiary**, the Company shall adhere to the following procedures:*

- a) 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.
- b) 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.
- c) 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.

*For the purpose of this clause the term “**material subsidiary**” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

- d) A material unlisted subsidiary, 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 in such form as may be prescribed.

### ***General Compliances in respect of other Subsidiaries***

- a) The management of the unlisted Subsidiary shall 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 on a quarterly basis.
- b) 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).
- c) 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.

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- d) 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)

## **E. AMENDMENTS AND UPDATES**

The Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendments or modifications shall be inconsistent with the applicable provisions of the Act, Listing Regulations or the Applicable Law. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, based on the recommendation of the audit committee.

The Policy for determining Material Subsidiary, duly approved by the Board of Directors shall be placed on the website of the Company at [www.occl.co.in](http://www.occl.co.in) and a web-link thereto shall be provided in the Annual Report of the Company.

## **F. INTERPRETATION**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, Listing Regulations, Accounting Standards or any other relevant legislations / laws applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Board and the decision of the Board in such a case shall be final.

Note: The Company does not have any subsidiary at present, however, pursuant to Regulation 16(1)(c) of the Listing Regulations, the Company has framed a “*Policy for determining Material Subsidiary*”. Further, as and when the Company shall have a subsidiary, the Company shall comply with the norms of the afore-mentioned Policy.

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