

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

1.1. This Policy is formulated in pursuance of the requirements of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”) to determine the Material Subsidiary of Cochin Shipyard Limited (CSL/Company) and to provide a governance mechanism for such Subsidiaries.

2. DEFINITIONS

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

2.2 “Material Subsidiary” means, in terms of Regulation 16 (1) (c), a Subsidiary, whose turnover or networth exceeds ten percent of the consolidated turnover or networth respectively, of CSL and its Subsidiaries in the immediately preceding accounting year.

2.3 “Networth” means networth as defined in Section 2 (57) of the Companies Act, 2013.

3. POLICY AND PROCEDURE

3.1 The Company, shall not, without the prior approval of the members by Special Resolution in the General Meeting, dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50% or cease the exercise of the control over the Subsidiary 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.

3.2 The Company, shall not, without the prior approval of the members by Special Resolution, sell, dispose and lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year 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.

Explanation:- Nothing contained in Para 3.2 shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of CSL.

- 3.3 At least one Independent Director of the Company shall be a Director on the Board of the unlisted Material Subsidiary of the Company incorporated in India.

Explanation:- For the purposes of this provision, notwithstanding anything to the contrary contained in Clause 2.2 above, 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 CSL and its Subsidiaries in the immediately preceding accounting year.

- 3.4 Material unlisted subsidiaries 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 CSL.
- 3.5 The management of unlisted Material Subsidiary shall periodically bring to the notice of the Board of the Company of all significant transactions and arrangements entered into by the unlisted Material Subsidiary.

4. DISCLOSURE

- 4.1 This Policy shall be disclosed 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 pertaining to the Subsidiary Companies of CSL, as may be required under the provisions of Companies Act, 2013, SEBI Listing Regulations, 2015, and DPE Guidelines on Corporate Governance for CPSEs, shall be made by the Company.

5. INTERPRETATION & AMENDMENT

- 5.1 Any word used in this Policy, but not defined herein, shall have the same meaning as defined under the Companies Act, 2013, SEBI Listing Regulations, 2015 and any other applicable statutory regulations.
- 5.2 The Board of Directors may review and amend this Policy as may be required from time to time in accordance with the provisions of applicable statutes and any subsequent amendments, Circulars, Notifications, Guidelines in the Companies Act, 2013, SEBI Listing Regulations and other applicable laws, as may be issued from time to time, shall be mutatis mutandis apply to this Policy.