

## Malco Energy Limited

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Policy for determining 'material' subsidiaries

Document Name	<b>Policy on Material Subsidiaries</b>
Company	<b>Malco Energy Limited</b>
Effective Date	<b>May 01, 2026</b>

## POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES

### **Introduction**

Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) requires all listed companies to formulate a policy for determining 'material' subsidiaries.

### **Objective**

This Policy sets out the criteria to identify and determine the "Material Subsidiary(ies)" and "Material Unlisted Indian Subsidiary(ies)" of Malco Energy Limited (the "**Company**") and provides the governance framework and disclosure requirements applicable to such subsidiaries, in line with SEBI Listed Regulations, as amended from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

### **Definitions**

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the SEBI Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (the "**Act**") and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

**Material Subsidiary** shall mean a subsidiary, whose turnover 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.

**Material Unlisted Indian Subsidiary** shall mean an unlisted Subsidiary, incorporated in India or outside, whose turnover or net worth exceeds 20% (twenty percent) of the consolidated turnover or net worth respectively, of the listed entity 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% (ten percent) 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 be as defined under the Companies Act, 2013 and the rules made thereunder including any modification thereof.

### **Policy & Procedure**

- The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary(ies);
- 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;
- 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;

- At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not;

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

- 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 50% (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 pursuant to 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.
- Selling, disposing and leasing of assets amounting to more than 20% (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 pursuant to 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. However, this shall not be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.
- Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- The Company and its 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 the Company .
- The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.

#### **Disclosures**

The Policy shall be disseminated on the website and weblink shall be provided in Corporate Governance Report.

#### **Limitation & Amendments**

In the event of any conflict between the provisions of this Policy as required under the Companies Act, 2013 and SEBI Listing Regulations, or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.