



POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

Background and Objective of the Policy

Considering the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred as "SEBI Listing Regulations"), Mukta Arts Limited has formulated the policy for determining "material" subsidiary ("Policy").

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

All words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, any other Act and / or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

1. Threshold for Materiality

A subsidiary shall be considered as Material Subsidiary if the income or net worth of that subsidiary exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Unlisted Material Subsidiary means a Material Subsidiary which is incorporated in India or outside India, but it is not listed on any of the recognized Stock Exchanges.

Material Non-Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

2. Requirements regarding Material Subsidiary

The Company, without passing a special resolution in its General Meeting (prior approval of the shareholders):

- shall not dispose of shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or which would cease the exercise of control over such 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, or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ 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.

3. Additional Requirements for Unlisted Material Subsidiary

At least one Independent Director on the Board of the Company shall be a Director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this requirement, “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.

Every Unlisted Material Subsidiary, incorporated in India, shall undertake Secretarial Audit and shall annex a Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified by SEBI, with the annual report of the Company.

4. Requirements regarding Unlisted Subsidiary

- The Audit Committee of the Company shall review the financial statements, in

particular, the investments made by the unlisted subsidiary.

- The minutes of the Board meetings of the unlisted subsidiary shall be placed at the Board meeting of the Company.
- The Management shall periodically bring to the attention of the Board of Directors of the Company, 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.

5. Policy Review

Policy should be reviewed as and when required. Should there be any inconsistency between the terms of the Policy and the SEBI Listing Regulations, the provisions of the SEBI Listing Regulations shall prevail.

Any amendments to the SEBI Listing Regulations shall *mutatis mutandi* be deemed to have been incorporated in this Policy.

This policy is reviewed, amended and approved by the Board of Directors at their meeting held on 14/02/2024.