CLARA INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Objective & Legal Framework

In accordance with Regulation 16(1)(c) and Regulation 46(2)(g) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy outlines the baseline criteria to identify and govern "Material Subsidiaries" of Clara Industries Limited.

The policy establishes governance controls, structural thresholds, and procedural compliance for the oversight of corporate entities subsidiary to the Company's primary listed financial ecosystem.

2. Standard Definition of Material Subsidiary

A subsidiary shall be classified as a "Material Subsidiary" if it meets either of the following structural parameters under SEBI mandates:

- **Income Metric:** The net income of the subsidiary exceeds 10% of the consolidated income of Clara Industries Limited in the immediately preceding audited financial year.
- **Net Worth Metric:** The net worth of the subsidiary exceeds 10% of the consolidated net worth of Clara Industries Limited in the immediately preceding audited financial year.

3. Governance & Regulatory Obligations

Once an entity is determined to be a Material Subsidiary, Clara Industries Limited shall fulfill the following corporate protocols:

A. Independent Director Representation

At least one Independent Director on the Board of Directors of Clara Industries Limited must serve as a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or globally.

Note: For this specific board representation mandate, the statutory threshold is elevated under SEBI rules to 20% of consolidated income or net worth.

B. Audit Committee Oversight

- **Financial Review:** The Audit Committee of the Company will comprehensively review the financial statements and specific investment portfolios of the unlisted subsidiary.
- **Minutes Analysis:** The minutes of all Board meetings of the unlisted subsidiary shall be regularly placed before the Board of Directors of Clara Industries Limited.
- **Significant Transactions:** Management shall submit a quarterly structural review of all significant transactions and corporate arrangements entered into by the unlisted subsidiary.

4. Structural Restrictions & Shareholder Controls

Clara Industries Limited is bound by the following special resolution thresholds to prevent capital asset leakage:

- **Disposal of Shares:** The Company shall not dispose of shares in its material subsidiary that would reduce its shareholding to less than 50% or cease the exercise of control over the subsidiary without obtaining prior shareholder approval via a Special Resolution, except in cases of court-approved schemes.
- **Asset Divestment:** Selling, leasing, or disposing of assets amounting to more than 20% of the material subsidiary's total assets on an aggregate basis during a single financial year requires prior approval of the shareholders via a Special Resolution.

5. Policy Disclosure & Amendments

This framework document will be permanently hosted on the corporate website of Clara Industries Limited (www.clara.co.in) under the statutory policy index. The Board of Directors, based on recommendations from the Audit Committee, retains sole jurisdiction to update or amend this policy framework to match any statutory revisions enacted by SEBI or the Ministry of Corporate Affairs.

Clara Industries Limited

CLARA INDUSTRIES LIMITED CIN: L25209UP2021PLC151537

Nikhil Kukreja
Director
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Place: Saharanpur