

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY



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Purpose of the Policy:

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), requires every listed company to formulate a policy for determining a “material” subsidiary. In this regard, Clean Max Enviro Energy Solutions Limited (“**Company**”) has adopted this Policy, which has been approved by the Audit Committee of the Company at its meeting held on 13 August 2025 and by the board of directors of the Company (“**Board**”) at its meeting held on 14 August 2025. This Policy shall come into force with effect from the date on which the Board approves this Policy.

Scope / Objective of the Policy:

The primary objective of this Policy is to determine a Material Subsidiary of the Company. Other objectives of this Policy are to determine:

- a) Restriction on disposal of shares of Material Subsidiary by the Company;
- b) Restriction on transfer of assets of Material Subsidiary; and
- c) Disclosure requirements under the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

Definitions:

“**Audit Committee**” means the Audit Committee constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 (“**Companies Act**”) and the provisions of SEBI Listing Regulations, as amended from time to time.

“**Board of Directors**” or “**Board**” shall mean the board of directors of the Company.

“**Control**” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

“**Insolvency Code**”, means Insolvency and Bankruptcy Code, 2016, as amended from time to time.

“**Material Subsidiary**” means a ‘Material Subsidiary’ of the Company as defined under Regulation 16(1)(c) of the SEBI Listing Regulations, as amended from time to time.

“**Net Worth**” means ‘Net Worth’ as defined under Section 2(57) of the Companies Act.

“**Policy**” means this Policy for determining Material Subsidiaries.

“**Public Interest Director**” means an independent director nominated by Securities and Exchange Board of India (“**SEBI**”) representing the interests of investors in securities market and who does not have any association, directly or indirectly, which in the opinion of SEBI, is in conflict with his role.

“**Significant Transaction and Arrangement**” means any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.

“**Subsidiary**” means a Subsidiary as defined under sub-section (87) of Section 2 of the Companies Act.

“**Unlisted Subsidiary**” means a Subsidiary of the Company whose shares are not listed on any stock exchange.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Companies Act and rules and regulations made thereunder, and/or any other applicable law or regulation to the extent applicable to the Company, as amended from time to time.

Arrangements of Unlisted Subsidiary Companies:

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.

Criteria for determining the Material Subsidiaries:

A Subsidiary of the Company shall be regarded as a Material Subsidiary if such Subsidiary's turnover or Net Worth exceeds ten percent (10%) of the consolidated turnover or Net Worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

The management of the Company shall annually present to the Audit Committee the list of Material Subsidiaries.

The Audit Committee shall, on an annual basis, review such details / information as may be required to determine the Material Subsidiaries, and make suitable recommendations to the Board.

Restriction on Disposal of Shares of Material Subsidiary by the Company:

The Company shall not 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 fifty percent (50%) or such other percentage, as may be prescribed under the SEBI Listing Regulations, from time to time or cease to exercise Control over the Material Subsidiary without passing a special resolution in a general meeting of its shareholders, 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.

Restriction on Disposal of its Assets of Material Subsidiary:

The Company shall not sell, dispose and lease assets amounting to more than twenty percent (20%) (or such other percentage, as may be prescribed under the SEBI Listing Regulations, from time to time) of the assets of the Material Subsidiary on an aggregate basis during a financial year without passing a special resolution in a general meeting of its shareholders, 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.

Other Governance Requirements of the Material Subsidiary/ies:

- i. At least one independent director on the Board shall be appointed as a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not, as per Regulation 24(1) of SEBI Listing Regulations.
- ii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Material Subsidiary on an annual basis.
- iii. The minutes of the meetings of the board of directors of the unlisted Material Subsidiary shall be placed at the meetings of the Board.

- iv. The management of the unlisted Material Subsidiary shall periodically bring to the attention of the Board, a statement of all Significant Transactions and Arrangements entered into by the Material Subsidiary.
- v. A Public Interest Director on the Board shall not simultaneously act as a director on the board of directors of its Subsidiary.
- vi. The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the SEBI Listing Regulations.
- vii. The unlisted Material Subsidiary of the Company incorporated in India shall undertake secretarial audit, and the Company shall annex the report given by a company secretary in practice (“**Company Secretary**”), in such form as may be specified in the annual report of the Company.

Review / Amendments to Policy:

The Board, subject to applicable laws, is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board in line with the broad intent of this Policy. The managing director/chief financial officer and Company Secretary shall be authorised to do any such modifications to this Policy to effect any amendments required under the law.

In case of any amendment(s), clarification(s), circular(s), etc., issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law, as in force from time to time, shall prevail over this Policy.

Disclosure:

The Policy for determining Material Subsidiaries shall be disclosed on the Company’s website pursuant to Regulation 46(2) of the SEBI Listing Regulations and a web link thereto shall be provided in the Company’s annual report.