

**POLICY FOR DETERMINING MATERIAL SUBSIDIARIES
OF
ECO RECYCLING LIMITED**

Last Updated: February 6, 2025

I. Purpose of this policy

Eco Recycling Limited ("Ecoreco" or "Company") is governed amongst other by the rules and regulations framed by Securities Exchange Board of India ("SEBI"). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations") lays out regulatory requirements for material subsidiary companies.

The Board of Directors (the "Board") of the Company has adopted the policy and procedures for determining 'material' subsidiary companies ("Policy") in accordance with the provisions of Regulation 16(1)(c) of the Listing Regulations.

This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries.

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

II. Definitions

"Act" means the Companies Act 2013 as may be amended from time to time.

"Audit Committee" means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act "Audit Committee" of the Company.

"Board of Directors" or "Board" means the Board of Directors of Eco Recycling Limited, as constituted from time to time.

"Company" means Eco Recycling Limited.

"Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Regulations.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income 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, whose income or net worth (i.e. paid up capital and free reserves) exceeds ten percent of the consolidated income or net worth respectively, of the Company 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% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" shall be as defined under the Act and the rules made thereunder.

“Unlisted Subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

III. Policy and procedure

A. The Audit Committee shall

- i. review list of material subsidiaries and material non-listed Indian subsidiaries on annual basis
- ii. review the financial statements of material subsidiary,
- iii. the investments made by the material unlisted subsidiary of the Company, and
- iv. review statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

B. The Company, without the prior approval of its members (shareholders) by Special Resolution, shall not:

- I. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- II. dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- III. 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. However, this shall not be applicable for sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

Additional Requirement for Material Non-Listed Subsidiary

All 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.

IV. Common Independent Director

The Company shall endeavor to appoint one independent director on the board of its unlisted subsidiary who shall also be a non-executive director in its Board, when the income or net worth of such unlisted subsidiary exceeds ten percent of the consolidated income or net worth respectively, of Ecoreco and its subsidiaries in the immediately preceding accounting year.

V. Requirement Regarding Unlisted Subsidiary Company

- i. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- ii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.

iii. 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 company.

VI. Amendments

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

VII. Limitation and Amendment

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