



GANESH BENZOPLAST LIMITED

**POLICY FOR DETERMINING MATERIAL
SUBSIDIARIES**



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[Under Regulation 16(c) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018]

I. OBJECTIVE

Under Regulation 16(c) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018, the Company is required to formulate a Policy for determining “Material Subsidiaries”. Accordingly, this policy is formulated in compliance of the said regulation.

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

II. DEFINITIONS

In this Code, unless the context otherwise requires:

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company, from time to time, in accordance with section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI(LODR) Regulations.

“**Independent Director**” shall mean an Independent Director of the Company who satisfies the criteria of Independence under the Companies Act, 2013 & SEBI(LODR) Regulations, as amended from time to time.

“**Material Subsidiary**” shall have the meaning as defined in Regulation 16(1)(c) of the SEBI(LODR) Regulations, pursuant to which a material subsidiary means a subsidiary, whose income or net worth exceeds 10% (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 unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall mean as defined under Section 2 (87) of the Companies Act, 2013 and the Rules made thereunder.

“**Unlisted Subsidiary**” means subsidiary of the Company whose securities are not listed on any Stock Exchange(s) in India provided that where this term is defined (whether by



way of definition, clarification or explanation) under the SEBI(LODR) Regulations, it shall have the meaning as per such definition.

All terms used in the policy, but not defined above shall have the meanings ascribed to them in the Act or the Regulations, as the case may be.

III. GOVERNANCE FRAMEWORK

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

Explanation - For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- (ii) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- (iii) 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.
- (iv) 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 or arrangements entered into by the unlisted subsidiary.

IV. SECRETARIAL AUDIT OF MATERIAL SUBSIDIARY

Every Company and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, with effect from the year ended March 31, 2019.

V. DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- (i) 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 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 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 exchange within one day of the resolution plan being approved.



- (ii) Selling, disposing and leasing of assets amounting to more than 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 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 exchange within one day of the resolution plan being approved.

VI. AMENDMENTS TO THE POLICY

The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority.

VII. DISCLOSURE OF THE POLICY

The Company shall disclose this Policy on its website. The necessary disclosure, if any, about the policy will also be made as per the requirements of SEBI (LODR) Regulations and Companies Act 2013.