GRAVITA INDIA LIMITED

Policy on Determining Material Subsidiaries
(Effective from 24th March, 2015)

1. INTRODUCTION

The Board of Directors of Gravita India Limited ("Company") has adopted this Policy for determining its Material Subsidiaries and to ensure compliance with the applicable corporate governance requirements relating to its subsidiaries in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time.

2. TITLE

This Policy shall be called the **"Policy on Determining Material Subsidiaries"**.

3. OBJECTIVE

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

3.2 This Policy is framed in accordance with the requirements of the SEBI Listing Regulations and other applicable laws, as amended from time to time.

4. DEFINITIONS

4.1 **"Board of Directors"** or **"Board"** means the Board of Directors of Gravita India Limited, as constituted from time to time.
4.2 **"Company"** means Gravita India Limited.
4.3 **"Independent Director"** shall have the meaning assigned to it under the Companies Act, 2013, the rules made thereunder and the SEBI Listing Regulations, as amended from time to time.
4.4 **"Policy"** means this Policy, as amended from time to time.
4.5 **"Subsidiary"** shall have the meaning assigned to it under the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
4.6 **"Material Subsidiary"** shall mean a subsidiary whose turnover or net worth exceeds ten per cent of the consolidated turnover or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year, in accordance with Regulation 16(1)(c) of the SEBI Listing Regulations.
4.7 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation as amended from time to time.

5. GENERAL MATERIAL SUBSIDIARY TEST

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

6. REQUIREMENT REGARDING MATERIAL SUBSIDIARY

6.1. The Company shall not 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 or equal to fifty per cent or resulting in cessation of the exercise of control over such subsidiary, without passing a special resolution in its General Meeting.

6.2. The Company shall not sell, dispose of or lease assets amounting to more than twenty per cent of the assets of a Material Subsidiary on an aggregate basis during a financial year without passing a special resolution in its General Meeting.

6.3. Provided further that the requirement of obtaining prior approval of shareholders shall not apply where such sale, disposal or lease of assets is made between two wholly-owned subsidiaries of the Company.

6.4. Provided that the above requirement shall not apply where such divestment is made under a scheme of arrangement duly approved by a Court or Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the applicable disclosure requirements under the SEBI Listing Regulations.

7. REQUIREMENT REGARDING INDEPENDENT DIRECTOR ON THE BOARD OF AN UNLISTED MATERIAL SUBSIDIARY

7.1. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not.

7.2. For the purposes of Clause 7.1, notwithstanding anything to the contrary contained in Regulation 16 of the SEBI Listing Regulations, "Material Subsidiary" shall mean a subsidiary whose turnover or net worth exceeds twenty per cent of the consolidated turnover or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

8. DISCLOSURES

This Policy shall be disclosed on the website of the Company in accordance with the applicable provisions of the SEBI Listing Regulations and other applicable laws.

9. AMENDMENTS

The Board may amend, modify, supplement or replace this Policy from time to time, subject to applicable laws.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

10. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the provisions of the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, rules, regulations, circulars or directions, as amended from time to time, the provisions of such applicable law shall prevail to the extent of such conflict.