



# **GRAVITAINDIA LIMITED**

**Policy for Determining Material Subsidiaries**

**(Effective from 24th March 2015)**

**Reviewed/ Amended on 31<sup>st</sup> March 2019**

## **1. INTRODUCTION**

The Board of Directors of Gravita India Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries as mandated by the Regulation 16 (1) (c) of the SEBI LODR Regulations 2015 as amended from time to time herein after “Listing Regulations”.

## **2. TITLE**

This Policy shall be called ‘Policy for determining Material Subsidiaries’.

## **3. OBJECTIVE**

The objective of this Policy is to determine:

- a) Meaning of Material Subsidiary;
- b) Requirement of Independent Director in certain unlisted material subsidiaries, incorporated in India or not;
- c) Restriction on disposal of shares of Material Subsidiary by the Company;
- d) Restriction on transfer of assets of Material Subsidiary; and
- e) Disclosure requirements, under the Listing Regulations, as amended and any other laws and regulations as may be applicable to the Company.

## **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” 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 Companies Act, 2013 and Listing Regulations.
- 4.4. “Policy” means this Policy, as amended from time to time.
- 4.5. "Subsidiary" shall mean a subsidiary as defined under the Act and Rules made thereunder.
- 4.6. “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.
- 4.7. “Significant Transaction” implies 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.

4.8. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

**5. PURPOSE OF THE POLICY**

The purpose of this Policy is determination of Material Subsidiaries and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of Material Subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

**6. INDEPENDENT DIRECTOR ON THE BOARD OF MATERIAL UNLISTED SUBSIDIARY INCORPORATED IN INDIA OR OVERSEAS**

At least one Independent Director on the Board of the Company shall be a director on the board of the unlisted Material Subsidiary, whether incorporated in India or overseas.

Material Subsidiary, here, shall mean a subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

**7. SIGNIFICANT TRANSACTIONS/ARRANGEMENTS OF UNLISTED SUBSIDIARY COMPANIES**

The management of the unlisted subsidiary shall periodically submit to the Board of Directors of the listed entity, a statement of all Significant Transactions and Arrangements entered into by the unlisted Subsidiary company.

**8. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY**

The Company shall not dispose off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent [50%] or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in such cases where 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.

**9. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY**

Selling, disposing and leasing of assets amounting to more than twenty percent [20%] 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 exchanges within one day of the resolution plan being approved.

**10. SECRETARIAL AUDIT-**

Every listed entity 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, in such form as may be specified.

**11. REPORTING AND DISCLOSURE**

As prescribed by revised Clause 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

**12. REVIEW OF THE POLICY**

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.