



GREENLAM INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

In terms of the Revised Clause 49 of the erstwhile Listing Agreement, the Company has adopted the 'Policy for Determining the Material Subsidiaries' in its meeting held on November 11, 2014. However, pursuant to the enactment of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. December 01, 2015, the policy was required to be revised. Accordingly, the Board of Directors had adopted the revised policy in place of the existing policy in its meeting held on May 27, 2016.

Further, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, being effective from April 01, 2019, the 'Policy for Determining the Material Subsidiaries' was required to be revised. Accordingly the Board of Directors had adopted the revised policy in place of the existing policy in their meeting held on February 13, 2019, being effective from April 01, 2019.

COMMENCEMENT:

The existing Policy shall remain effective and the revised policy pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 shall come into effect from April 01, 2019.

OBJECTIVE:

- a. This Policy is framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof) and is intended to ensure governance of the subsidiary(ies) of the Company including subsidiary(ies) which are determined as 'material'.
- b. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

DEFINITIONS:

"Board" means the Board of Directors of Greenlam Industries Limited.

"Company" means Greenlam Industries Limited.

"Material Subsidiary(ies)" means a subsidiary company:

- i. whose net worth exceeds ten per cent of the consolidated net worth of the Company and its subsidiaries as per the audited balance sheet of the previous accounting year; or
- ii. Whose income exceeds ten per cent of the consolidated income of the Company and its subsidiaries during the previous accounting year.

"Policy" means this Policy, as amended from time to time.



“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” means a body corporate in which the Company:

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

For the purpose of above, “total voting power” shall, in relation to any matter, means the total number of votes which may be cast in regard to that matter on a poll at a meeting of a company if all the members thereof or their proxies having a right to vote on that matter are present at the meeting and cast their votes.

INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning as prescribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act, 1992 or Rules and Regulations made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amendments made therein or any other relevant legislation/law applicable to the Company.

PROCESS OF DETERMINATION AND COMPLIANCES IN RESPECT OF MATERIAL SUBSIDIARIES:

- a) The Company shall place before the Board, annual financial statements of all its Subsidiaries, including the quantum of investments made in such Subsidiaries in respect of its consolidated income and net worth as per the audited balance sheet of the previous accounting year.
- b) Once a Subsidiary is identified as Material Subsidiary, the Company shall adhere to the following procedures:
 - i. The Company shall not dispose of the shares of the Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% 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 pursuant to the requirements of Insolvency and Bankruptcy Code, 2016.
 - ii. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary shall require prior approval of shareholders of the Company by way of special resolution except where the sale/disposal/lease is made under a scheme of arrangement duly approved by the Court/Tribunal or pursuant to the requirements of Insolvency and Bankruptcy Code, 2016.



- iii. 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 company(ies), which may or may not be incorporated in India.

Explanation:- *For the purpose of clause (iii) above, notwithstanding anything to the contrary contained in this Policy, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.*

GENERAL COMPLIANCES IN RESPECT OF OTHER SUBSIDIARIES

Apart from the above, the following general compliances shall be adhered to by the Company with respect to all its Subsidiaries, whether or not they are Material Subsidiaries:

- a) The Audit Committee and the Board of Directors of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.
- b) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- c) 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.
- d) The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Unlisted Material Subsidiary.
- e) Where a listed holding company has a listed subsidiary, which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

AMENDMENTS:

The Board shall have the power to further amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

By order of the Board
For Greenlam Industries Limited

-Sd/-
Ashok Kumar Sharma
Chief Financial Officer

Date: February 13, 2019
Place: New Delhi