



GARWARE HI-TECH FILMS LIMITED

**POLICY FOR DETERMINING
MATERIAL SUBSIDIARIES**

***[Pursuant to Regulation 16 of
the SEBI (Listing Obligations
and Disclosure Requirements)
Regulations, 2015]***

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1. Objective and Legal Framework

In accordance with Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR Regulations"**), Garware Hi-Tech Films Limited (**"Company / GHFL"**) has formulated this Policy for Determining Material Subsidiaries. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company.

2. Definitions

- a. *"Company"* means Garware Hi-Tech Films Limited.
- b. *"Policy"* means Policy for determining Material Subsidiaries.
- c. *"Subsidiary"* or *"Subsidiaries"* means Subsidiary or Subsidiaries of Garware Hi-Tech Films Limited in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.
- d. *"SEBI LODR Regulations"* means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactments thereof for the time being in force.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI LODR Regulations or any other applicable law or regulation.

3. Identification of Material Subsidiary

A subsidiary shall be considered as material subsidiary, if:-

- a. The net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year; or
- b. The turnover of the subsidiary exceeds 10% of the consolidated turnover of the Company and its subsidiaries in the immediately preceding accounting year.

4. Compliances

a. Material subsidiary (Listed/Unlisted)

- i. 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.
Explanation: For this purpose, material subsidiary shall mean a subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth of the Company and its subsidiaries in the immediately preceding accounting year.
- ii. Every material unlisted subsidiary incorporated in India shall undertake secretarial audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary 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.
- iii. 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

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 exchanges within one day of the resolution plan being approved.

- iv. 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 exchanges within one day of the resolution plan being approved.

Nothing contained in this sub-clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity

b. Unlisted Subsidiary

- i. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ii. 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.
- iii. 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 and arrangements entered into by the unlisted subsidiary.

The term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent 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.

5. Amendment

The Audit Committee and Board reserve its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the SEBI LODR Regulations, Companies Act, 2013 or any law for the time being in force.

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.

6. SCOPE AND LIMITATION

In the event of any conflict between the Policy and the SEBI (LODR), 2015 / Companies Act, 2013 or any other statutory enactments, rules, the regulations of such SEBI (LODR), 2015 / provision of Companies Act, 2013 or statutory enactments, shall prevail over this Policy.