

# POLYPLEX CORPORATION LIMITED

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. Preamble and Objective

The Board of Directors of Polyplex Corporation Limited (hereinafter referred to the Company) has, in pursuance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments/ amendments thereof), adopted the following policy for laying down a criterion for determining “**Material Subsidiaries**” and their governance.

This Policy is intended to augment and work in conjunction with regulatory provisions and other company policies.

### 2. Definitions:

2.1 Policy, means this Policy on Material Subsidiaries.

2.2 **Material Subsidiary**, means 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.

Explanation - For the purposes of Regulation 24 dealing with Corporate Governance requirements with respect to subsidiary of listed entity 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 listed entity and its subsidiaries in the immediately preceding accounting year.]

2.3 **Policy** means this Policy on Material Subsidiaries.

2.4 **Significant Transaction or Arrangement**, shall mean any individual transaction or arrangement that exceed 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.

2.5 **Subsidiary**, as defined under section 2(87) of the Companies Act 2013 and the Rules made thereunder.

All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

2.6 **Insolvency Code** means the Insolvency and Bankruptcy Code, 2016

The words and expressions used in this Policy unless defined hereunder shall have the meaning assigned to them respectively in the Companies Act, 2013 and rules made thereunder,

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,, SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956 or the SEBI (Issue of capital and disclosure requirements) regulations or any statutory modification or re-enactment thereof, as the case may be.

### **3. Criteria for determining the Material Subsidiaries:**

The Management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as a Material Subsidiary the same shall be intimated to the Audit Committee. The Audit Committee shall review the same and make suitable recommendations to the Board to ensure compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard:

- (a) monitoring shall be done as and when an investment is made in any of the Subsidiary(s) and
- (b) monitoring shall be done at the time of finalizing the consolidated audited accounts.

### **4. Governance of Material subsidiaries:**

- 4.1 The Board had recommend the appointment of an independent Director of the Company on the Board(s) of the material non-listed subsidiary company(ies), whether incorporated in India or not (subsidiary company).

**Explanation:** For the purpose of this clause, the term “material non listed subsidiary” shall mean an unlisted subsidiary, incorporated in India or not, whose Income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

- 4.2 The Audit Committee shall review

- (a) the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- (b) the financial statements of each unlisted Subsidiary including material subsidiary, in particular, the investments made by such unlisted subsidiary on a regular basis.

- 4.3 The minutes of the Board Meetings of the unlisted subsidiary company shall be periodically placed before the Board.

- 4.4 A Statement of all significant transactions and arrangement entered into by the unlisted subsidiary company shall be periodically placed before the Board.

- 4.5 All material unlisted subsidiaries incorporated in India shall undertake secretarial audit and a secretarial audit report, given by a company secretary in practice, in such form as may be specified in this behalf.

## **5. Disposal of shares or assets of material subsidiary company**

5.1 Disposal of shares of material subsidiary, by the Company 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 shall require a special resolution in its General Meeting. The approval of shareholder shall not be required 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.

5.2 Selling, disposing and leasing of assets amounting 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 .

## **6. Disclosures by the Company**

This Policy shall be disclosed on the Company's website and such web link shall also be provided in the Annual Report.

## **7. General**

The Board of Directors of the Company may review and amend this policy from time to time.

*Note:*

*This Policy was last amended by the Board of Directors in their meeting held on February 13, 2019.*