

POLICY ON DETERMINING “MATERIAL” SUBSIDIARIES

Clause 49 V of the Listing Agreement, the Company has with the Stock Exchanges, in respect of listing of its security, provides that the Company shall formulate a policy for determining ‘material’ subsidiaries and accordingly the Company is obliged to comply with this requirement. The company at present has no subsidiary. This policy has objective of providing governance framework for subsidiary company as and when incorporated or any company may become subsidiary of the company as defined hereinbelow:

Definitions

1. Holding Company [as defined u/s. 2(46) of the Companies Act, 2013]

Holding company in relation to one or more other companies, means a company of which such companies are subsidiaries companies.

2. Subsidiary Company [as defined u/s. 2(87) of the Companies Act, 2013]

Subsidiary company or subsidiary in relation to any other company (that is to say the holding Company), means a company in which the holding company-

- i. Controls the composition of the Board of Directors; or
- ii. Exercises or controls more than one half of the total share capital either at its own or together with one or more of its subsidiary companies;

Explanation- For the purpose of this definition,-

- (a) A company shall be deemed to be a subsidiary company of the holding company even if the control referred to in clause (i) or (ii) above is of another subsidiary company of the holding company;
- (b) The composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) The expression “company” includes any body corporate;



3. Material non-listed Indian subsidiary

It shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.

4. Material subsidiary

A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year. This would include material listed Indian and foreign subsidiary as well material non-listed foreign subsidiary.

5. Significant transaction or arrangement

It 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 material unlisted subsidiary for the immediately preceding financial year.

The Company shall comply with the following as provided under Clause 49 V of the Listing Agreement

- (i) One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- (ii) The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary on an annual basis.
- (iii) The Minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed before the Board of the Company on a quarterly basis.
- (iv) The management shall on a quarterly basis 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.
- (v) 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 Material Non-Listed Indian Subsidiary.
- (vi) The Company, without the prior approval of the members by special resolution or a resolution with majority as may be prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges, shall not :



- (a) Dispose shares in the Material Subsidiary that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or ceases the exercise of control over the Material Subsidiary; or
 - (b) Sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year;
 - (c) Except in cases where such divestment, sale, disposal, lease as the case may be is made under a scheme of arrangement duly approved by the Court /Tribunal.
- (vii) Subsidiary of the Company further shall be subject to the provisions of Section 19, 67, 92, 126, 136 & 137 of the Companies Act, 2013 and Rules made there under
- (viii) **Compliance by step-down subsidiaries**

Where a company has a listed subsidiary which is itself a holding company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

6. **Disclosures**

This Policy on determining Material Subsidiary shall be disclosed on the website of the Company (www.plastiblends.com) and a web link thereto shall be provided in the Annual Report of the Company.

7. **Policy Amendment**

The Board of Directors of the Company may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

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