

GHCL LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

[Regulation 16 (1) (c) & Regulation 24 of SEBI Listing Regulations, 2015]



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POLICY FOR DETERMINING MATERIAL SUBSIDIARY OF GHCL LIMITED

[Regulation 16 (1) (c) & Regulation 24 of SEBI Listing Regulations, 2015]

1. TITLE

This policy shall be called '**Policy for determining Material Subsidiary**'.

2. PURPOSE

This 'Policy for determining Material Subsidiary' (the Policy) is framed in accordance with the requirements stated under Regulation 16(1)(c) read with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Board of Directors (the Board) of GHCL Limited (the Company) has adopted the policy. This Policy will be used to determine the Material Subsidiary and / or Unlisted Material Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries, if any.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("Act") and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

3. DEFINITIONS

3.1 "**Audit Committee**" means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act read with applicable provisions of the Listing Regulations.

3.2 "**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 Act and the Listing Regulations.

3.3 "**Material Subsidiary**" shall mean a Subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year.

3.4 "**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 material subsidiary for the immediately preceding accounting year.





3.5 “**Subsidiary**” shall be as defined under the Act and the rules made thereunder.

3.6 “**Unlisted Material Indian Subsidiary**” shall mean an unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3.7 “**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

4. POLICY AND PROCEDURE

- i. At least one Independent Director of the Company shall be a director on the board of the Material Non-Listed Indian Subsidiary.
- ii. The Audit Committee shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
- iii. The minutes of the Board meetings of the Unlisted Subsidiary shall be placed at the Board meeting of the Company.
- iv. The Board shall be provided with a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
- v. The Company shall not dispose of shares in its 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 Court/Tribunal.
- vi. 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.

5. DISCLOSURES

The Company shall disclose in its Board’s report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Board’s report.





6. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

7. CHANGE LOG

1.	Type of Document	Policy
2.	Recommended by Audit & Compliance Committee	January 28, 2016
3.	Approved by Board of Directors	January 28, 2016
4.	Reviewed by Managing Director	April 1, 2024
5.	Document Control	Corporate Secretarial

For GHCL Limited



R S Jalan

Managing Director

