

GREENPANEL INDUSTRIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

OBJECTIVE:

a. This Policy is framed in accordance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Regulations') and approved by the Board of Directors in its Board Meeting dated 14.08.2019 to be effective from the date the Company is listed on BSE Limited and National Stock Exchange of India Ltd and is intended to ensure governance of material subsidiary companies.

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 Greenpanel Industries Limited or any Committee of the Board constituted thereof.

“**Company**” means Greenpanel Industries Limited

“**Material Subsidiary(ies)**” shall mean a subsidiary whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding 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 company under Sec 2(87) of the Companies Act, 2013 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, voting power would mean the total number of votes which may be cast in regard to that matter on a poll at a meeting of the Company if all the members thereof or their proxy having the right to vote on that matter are present in the meeting and cast their vote.

INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder 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, a quarterly report of all its Subsidiaries, including the quantum of investments made in such Subsidiaries in respect of its consolidated income and net worth as per its audited balance sheet of the previous financial 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 unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a 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 an unlisted Material subsidiary company.
For the purpose of this provision, 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.
- c) The Company and its unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practise, in such form as may be specified.

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 and, 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 the Company has a listed subsidiary, which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

AMENDMENTS:

The Board shall have the authority for approval of this policy in pursuance to this Regulations and is further authorized to make such alterations to this Policy as considered appropriate, subject, however, to the condition that such alterations shall be in consonance with the provisions of the Acts and Regulations.

In any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard. Any change in the prescribed period of archiving in the Regulations or the other Applicable Laws shall *mutatis mutandis* apply to the corresponding related Clause of the Policy.

**By order of the Board
For Greenpanel Industries Limited**

**Shiv Prakash Mittal
Executive Chairman**

Date: 14-08-2019

Place: Gurgaon