

Grandeur Products Limited

Policy for Determining Material Subsidiaries

BACKGROUND

Explanation to regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the Listing Regulations requires each listed company to publish such policy under a separate section on its website.

The Board of Directors of Grandeur Products Limited has adopted the policy for determining a material subsidiary (**“Policy”**) in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR)(including any amendments thereof).

OBJECTIVE OF THE POLICY:

The objective of this Policy is to determine:

- i) Meaning of Material Subsidiary;
- ii) Restriction on disposal of shares of Material Subsidiary by the Company;
- iii) Restriction on transfer of assets of Material Subsidiary; and
- iv) Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

“Act” means the Companies Act 2013 as may be amended from time to time.

“Board of Directors” or **“Board”** means the Board of Directors of Grandeur Products Limited, as constituted from time to time.

“Company” means Grandeur Products Limited.

“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 Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

“Listing Regulations” shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. SEBI (Listing Regulations).

“Material Subsidiary” means a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“Material Unlisted Subsidiary” means an unlisted Material Subsidiary.

“Policy” means this Policy for Determining Material Subsidiaries of the Company.

“Subsidiary” shall have the meaning given to it in the Companies Act, 2013.

“Unlisted Subsidiary” means an unlisted Subsidiary of the Company.

All other words and expressions used but not defined in this policy, but defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

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 fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in a general meeting of its shareholders except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal.

RESTRICTION ON DISPOSAL OF ITS ASSETS OF MATERIAL SUBSIDIARY

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year 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

ADDITIONAL REQUIREMENT FOR MATERIAL NON-LISTED SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company.

For the purposes of this requirement, “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.”

REQUIREMENT REGARDING UNLISTED SUBSIDIARY COMPANY

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- 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.

EXPLANATION

The term “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.

AMENDMENTS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

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.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the LODR / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.