

GINNI FILAMENTS LIMITED

POLICY FOR DETERMINING "MATERIAL" SUBSIDIARIES

1. LEGAL FRAMEWORK

1.1. Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") extends certain principles of corporate governance to material subsidiaries of listed companies.

1.2. The Board of Directors (the 'Board') of Ginni Filaments Limited (the 'Company') is obliged to formulate a policy for determining "material subsidiaries" (the / this "Policy") in accordance with Regulation 16(1) (c) of the Listing Regulations 2015 to comply with the requirements stated therein regarding such material subsidiaries.

2. PURPOSE AND OBJECTIVE OF THE POLICY

2.1 The purpose of this Policy is to determine the material subsidiaries of the Company and to provide the governance framework for such subsidiaries.

2.2 The objective of this Policy is to determine

- (i) Meaning of Material Subsidiary;
- (ii) Requirement of Independent Director in certain Material Unlisted Indian Subsidiaries;
- (iii) Restriction on disposal of shares of Material Subsidiary by the Company;
- (iv) Restriction on disposal of assets of Material Subsidiary; and
- (v) Disclosure requirements, as specified by the Listing Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

2.3 The Policy intends to ensure governance of 'material' subsidiaries by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions or arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling or disposing or leasing of assets of such subsidiaries by the Company.

3. DEFINITIONS

Some of the key terms used in the Policy for determining material subsidiaries are as under :

3.1 'Act' means the Companies Act, 2013 including any amendments as may be applicable from time to time and rules made thereunder

3.2 'Audit Committee' means the committee constituted by the Board of the Company under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, 2015.

3.3 'Consolidated Income' means the total income of the Company and its subsidiaries.

3.4 'Control' shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

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

3.6 '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 rules made thereunder and the Listing Regulations.

3.7 'Material non-listed Indian Subsidiary' shall mean an unlisted subsidiary, incorporated in India, 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

3.8 'Material subsidiary' shall mean a subsidiary whose net income or net worth exceeds 10per cent of the consolidated income or net worth respectively, of the listed company and its subsidiaries in the immediately preceding accounting year.

3.9 'Net worth' shall mean the net worth as computed based on the last audited financial statements of the Company.

3.10 'Significant transaction or arrangement' shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10 per cent 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.

3.11 '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; 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 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.

4. GUIDING PRINCIPLES

4.1 In terms of the Policy, it shall be the responsibility of the Company to ascertain which of its subsidiary companies can be deemed to be a material subsidiary company for the purpose of Regulation 24 of the SEBI Listing Regulations, 2015 and to ensure adherence to the relevant provisions stated therein.

4.2 Identification of 'Material subsidiary' of the Company including any:

- Material listed Indian and foreign subsidiaries; and
- Material non-listed foreign subsidiary shall be done once during each financial year and the conclusion placed before the Audit Committee and the Board of the Company, for its noting.

4.3 Identification of 'Material non-listed Indian subsidiary' of the Company would be done once during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.

5. PROVISIONS WITH REGARD TO MATERIAL SUBSIDIARY COMPANIES

5.1 At least one independent director on the Board of the Company shall be a director on the Board of its unlisted material subsidiary company, if applicable, in terms of applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



5.2 The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.

5.3 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the meeting of the Board of the Company.

5.4 The management shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions or arrangements entered into by the unlisted subsidiary company.

5.5 The management shall present to the Audit Committee the list of such subsidiaries together with the details of the materiality defined in this Policy. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of independent director in the material unlisted subsidiary company.

5.6 The CFO will be responsible for monitoring the above and determining which of the subsidiaries falls within the definition of material subsidiary.

5.7 Monitoring of investments made by the Company in the subsidiaries for the purpose of determining the materiality of the subsidiary shall be done whenever such an investment is made. Monitoring the quantum of generation of consolidated income of the Company will be done at the time of finalizing the consolidated annual accounts of the Company.

6. 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 50 per cent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court or Tribunal or under a resolution plan duly approved u/s 31 of the Insolvency and Bankruptcy Code, 2016, and such event is disclosed to the recognized stock exchanges within one day of resolution plan being approved.

7. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

The Company shall not sell, dispose and lease of assets amounting to more than 20 per cent of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale or disposal or lease is made under a scheme of arrangement duly approved by Court or Tribunal or under a resolution plan duly approved u/s 31 of the Insolvency and Bankruptcy Code, 2016, and such event is disclosed to the recognized stock exchanges within one day of resolution plan being approved.

8. DISCLOSURES

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



9. AMENDMENT OR REVIEW

10.1 The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

10.2 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.

10.3 The Policy shall stand amended in accordance with changes to the regulations including the Companies Act, Listing Regulations and guidelines issued by the Securities and Exchange Board of India and any amendment (s), clarification (s), circular (s) etc. issued by the regulatory authorities.

10. APPROVAL

This Policy was approved by the Board of the Company at its meeting held on 11th August, 2023.

