



*Astral Poly Technik Limited*

*Policy on Material Subsidiary*

### Preamble:

- ❖ The Board of Directors (the “Board”) of Astral Poly Technik Limited (the “Company”), a listed Holding Company of various subsidiary companies, being unlisted bodies corporate in India & Overseas, has adopted this policy for determining a `Material` subsidiary.
  
- ❖ This Policy is framed in accordance with the requirements of Clause 49 of the Listing Agreement (including any amendments thereof) to be effective from 1<sup>st</sup> October 2014 and is intended to ensure governance of the Company’s material subsidiary companies.

### Definitions:

The definitions of some of the key terms used in this Policy are given below:

- ❖ “Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
  
- ❖ “Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.
  
- ❖ “Holding Company” means Holding Company as defined under Section 2(46) of the Act.
  
- ❖ “Independent Director” means an Independent Director as defined in Section 2(47) of the Act read with clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and as may be amended from time to time.
  
- ❖ “Policy” means this Policy on Material Subsidiaries and as may be amended from time to time.

- ❖ **“Subsidiary Company / Subsidiary”** means Subsidiary Company/Subsidiary as defined under Section 2(87) of the Act and the Rules made there under.

**Identification of Material Subsidiary Company:**

- ❖ 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 twenty per cent of the consolidated income of the Company during the previous financial year. (**“Material Subsidiary”**).
- ❖ A “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 20% of the consolidated income or net worth respectively, of the Listed Holding Company and its subsidiaries in the immediately preceding accounting year.

**Compliance:**

- ❖ At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- ❖ The management should 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.

For the purpose of this sub-clause, 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 material unlisted subsidiary for the immediately preceding accounting year.

- ❖ The Audit Committee of the listed holding 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 listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

**Disposal of Shares/Assets of Material Subsidiary:**

- ❖ The Company shall not dispose of shares in its material subsidiary which would reduce the Company's 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 the General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
  
- ❖ The Company shall not sell, dispose and lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year unless it obtains the prior approval of shareholders by way of special resolution, except where the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal

**Amendments:**

- ❖ The Board shall have the power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace this policy entirely with a new Policy.