



## GODREJ INDUSTRIES LIMITED

### POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

#### ***Legal Framework***

The Board of Directors of Godrej Industries Limited (the “Company”) has adopted the following policy and procedures with regard to determination of “Material Subsidiaries” in order to comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s), amendment(s) and re-enactment(s) thereof] (“Listing Regulations”).

This Policy is framed in terms of Regulation 16(1)(c) of the Listing Regulations and is applicable to Godrej Industries Limited (“the Company”) with effect from February 13, 2016.

SEBI had enforced the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (“Listing Regulations- Amendment Regulations”), effective from April 1, 2019. In order to incorporate the changes brought through Listing Regulations and Listing Regulations- Amendment Regulations, the Board had at their Meeting held on February 13, 2019 amended the Policy for determining “Material” Subsidiaries to this effect.

The Board may review this policy from time to time.

#### ***Definitions***

1. **“Act”**: Act means Companies Act, 2013 & rules framed thereunder.
2. **“Company”** shall mean Godrej Industries Limited.
3. **“Board of Director” or “Board”**: Means the Board of Directors of Godrej Industries Limited, as constituted from time to time.
4. **“Holding Company”**: Holding Company in relation to one or more other companies, means a company of which such companies are subsidiary companies.
5. **“Investment”** means the investment made in the share capital of the Subsidiary Company.
6. **“Income”** means the total revenue of the Company as per last Audited Financials of the Company.

7. **“Subsidiary Company”**: Subsidiary Company shall be as defined under the Companies Act, 2013 and the Rules framed thereunder (including any modification(s) / amendment(s) / re-enactment(s) thereto).
8. **“Material non-listed subsidiary”**: It shall mean an unlisted subsidiary, whether incorporated in India or not, whose income or net worth exceeds 10% of the Consolidated Income or Net Worth respectively, of the listed holding company & its subsidiaries, in the immediately preceding accounting year.
9. **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Holding Company and its subsidiaries in the immediately preceding accounting year.
10. **“Net Worth”** shall be as defined under the Companies Act, 2013 and the Rules framed thereunder (including any modification(s) / amendment(s) / re-enactment(s) thereto).
11. **“Significant transactions or arrangement”**: It 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 financial year.
12. **“Audit Committee”**: Audit Committee means the Committee formed under Section 177 of the Companies Act, 2013 by the Board of Directors of the Company, from time to time.

### ***Guiding Principles***

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. Net-worth exceeds 10% of its consolidated net worth of the holding company and its subsidiaries, in the immediately preceding accounting year: or
- b. Income of the subsidiary exceeds 10% of the Company’s consolidated income of in the immediately preceding accounting year.

In addition, “Material non-listed subsidiary” of the Company would be identified, if any, as one-time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company.

### ***Provisions with regard to Subsidiary Companies***

- 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 shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;
- Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Nothing contained in this clause, shall apply to a case:

- Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
  - Where the subsidiary company holds such shares as a trustee; or
  - Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
- The Company shall not directly/indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
  - The Company shall include particulars of its subsidiary companies in its annual return;
  - The Company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;
  - The Company shall, along with its financial statements to be filed with the Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
  - The Company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the Company, who asks for it.

***Provisions with regard to Material Non-listed Indian Subsidiary & Material Subsidiary Companies***

- At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Subsidiary Company;  
For the purposes of this, notwithstanding anything to the contrary contained in Regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- 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 disinvestment is made under a scheme of arrangement duly approved by a court/tribunal;

- The Company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without the prior approval of the shareholders by way of passing special resolution at its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by court/tribunal.
- The Company and its material unlisted subsidiaries (incorporated in India) shall undertake Secretarial Audit and annex with its Annual Report, a secretarial audit report, given by a Company Secretary in Practice, in such form as may be specified.

### ***Compliance by step down subsidiaries***

Where a Company has a listed subsidiary which is itself a holding company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

### ***Amendment***

This Policy has been amended by the Board of Directors at its Meeting held on February 13, 2019 in order to integrate and align the changes brought about by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The effective date of this Policy is April 1, 2019.

- This policy is framed based on the provisions of the Companies Act, 2013 and Rules framed thereunder and the requirements of the Listing Regulations.
- In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- The Board of Directors (including Managing Committee of the Board of Directors) of Godrej Industries Limited is authorised to change / amend this Policy from time to time at its sole discretion and/or in pursuance of any amendments made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

### ***Effective date***

The effective date of this version of the Policy is April 1, 2019.

***Disclosure and Communication of this Policy***

The Policy for determining Material Subsidiaries is to be disclosed on the Company's website, viz. [www.godrejindustries.com](http://www.godrejindustries.com) and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.

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