



# **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

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## 1. PREAMBLE

The Board of Directors (the “Board”) of Gala Global products Limited (the “Company”/ “GGPL”) has adopted the following policy and procedures with regard to determination of Material Subsidiary (ies) as defined below. The Board may review and amend this policy from time to time.

As on date of formulating this policy, the company has no subsidiaries and there is no immediate applicability. However, the policy is devised in order to cater to the needs of the company in future when the Company would own Subsidiaries. The Board may review and amend this policy from time to time.

## 2. APPLICABILITY

This Policy will be applicable to the Company with effect from 01<sup>st</sup> March 2016 in terms of Clause 16 (C) of chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

## 3. OBJECTIVE

The objective of this policy is to determine material subsidiaries of the company and to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Including any amendments thereof).

## 4. DEFINITIONS

“**Audit Committee**” means the Audit Committee of the Board constituted from time to time under the provisions of Clause 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

“**Board**” means the Board of Directors of GGPL as defined in Section 2(10) of the Companies Act, 2013.

“**Material Subsidiary**” – as per clause 16 (C) of the Listing Regulations, Material Subsidiary shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Gala Global Products Ltd. and its subsidiaries in the immediately preceding accounting year.

“**Material non-listed Indian Subsidiary**” means unlisted subsidiary which is 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 GGPL and its subsidiaries in the immediately preceding accounting year, as defined under clause 16 (C ) of the Listing Agreement.

**“Subsidiary Company”** means subsidiary company as defined in Section 2(87) of the Companies Act, 2013 in relation to any other company (that is to say that GGPL), means a company in which the GGPL—

- (i) Controls the composition of the Board of Directors; 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.

## 5. POLICY

A Subsidiary shall be considered material if any of the following conditions are satisfied:

- 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
- the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.

## 6. GOVERNANCE FRAMEWORK

- At least one Independent Director of GGPL shall be a Director on the Board of the Material non- listed Indian Subsidiary Company.
- The Audit Committee of GGPL shall review the financial statements, in particular, the investments made by the unlisted subsidiary company, on an annual basis.
- The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed before the Board of GGPL on periodical basis.
- The management of GGPL shall periodically bring to the attention of the Board of Directors of GGPL, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.

## 7. DISPOSAL OF MATERIAL SUBSIDIARY

- GGPL shall not, without the prior approval of the members by special resolution in its General Meeting, 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 Material Subsidiary except where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

- GGPL shall not, without the prior approval of the members by special resolution, sell, dispose-off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the same is made under a scheme of arrangement duly approved by a Court/ Tribunal.

## **8. 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, as it may deem necessary.

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.

## **9. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the SEBI(LODR) Regulations,2015/ Companies Act,2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/Companies Act,2013 or statutory enactments, rules shall prevail over this policy.

## **10. DISCLOSURE**

This “Policy on determining Material Subsidiaries” shall be disclosed on the website of the Company [www.galaglobalhub.com](http://www.galaglobalhub.com) and a web link thereto shall be provided in the Annual Report of the Company.

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