



POLICY ON MATERIAL SUBSIDIARY

1. TITLE:

This Policy shall be called “Policy for determining Material Subsidiaries” (“Policy”).

2. OBJECTIVE:

This policy is framed in accordance with the requirements of Clause 49 (V) (D) of the Listing Agreement (including any amendments thereof) as intended to ensure governance of the Company’s material subsidiary companies.

The Board of Directors (“the Board”) of the Company has adopted the following policy with regard to the determination of its Material Subsidiaries (as defined below).

3. DEFINITIONS:

“**Act**” means Companies Act, 2013 including any statutory modification or re-enactments thereof.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

“**Board of Director**” or “Board” means the Board of Directors of Shilp Gravures Limited, as constituted from time to time.

“**Company**” means Shilp Gravures Limited.

“**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 (II) (B) of the Listing Agreement entered by the Company with the Stock Exchanges and as may be amended from time to time.



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“Policy” means Policy on Material Subsidiaries and as may be amended from time to time.

“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.

“Subsidiary” means be as defined under the Companies Act, 2013 and the Rules made thereunder.

4. POLICY STATEMENT:

1. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
 - a. in which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b. which have generated twenty per cent of the consolidated income of the Company during the previous financial year
2. One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
3. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the material unlisted subsidiary Company on an annual basis.
4. The minutes of the Board Meetings of the material unlisted Subsidiary Companies shall be placed before the Board of the Company periodically.
5. 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 material unlisted subsidiary company.



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6. The management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

5. DISPOSAL OF MATERIAL SUBSIDIARY:

The Company, without the prior approval of the members by Special Resolution, shall not:

1. dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal; or
2. ceases the exercise of control over the Subsidiary; or
3. sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary.

6. REVIEW OF SIGNIFICANT TRANSACTION & ARRANGEMENTS ENTERED INTO BY THE UNLISTED 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 (as defined above) entered into by the unlisted subsidiary company.

7. DISCLOSURE:

The Policy for determining material subsidiaries is to be disclosed on the company's website and a web link thereto to be provided in the Annual Report of the Company.



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8. 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.

9. INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning as prescribed in the Companies Act, 2013 or Rules thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.
