

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PURPOSE AND SCOPE

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The Policy will be used to determine the Material Subsidiaries of BJ Duplex Boards Limited and to provide the governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. DEFINITIONS

- 2.1 "Act" means Companies Act, 2013 & Rules made there under.
- 2.2 "Audit Committee" means the committee formed under Section 177 of the Companies Act, 2013.
- 2.3 "Holding Company" in relation to one or more other companies, means a company of which such companies are subsidiary companies.
- 2.4 "Material non-listed Indian subsidiary" It shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital & free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company & its subsidiaries in the immediately preceding accounting year.
- 2.5 "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- 2.6 "subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013.
- 2.7 "Significant transaction 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 accounting year.

Unless the context otherwise requires, words and expressions used in this policy or not defined herein but defined in relevant law or in their amendments, shall have the same meaning as may be assigned to them in such law or in their amendments.

3. POLICY:

- 3.1 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 Indian subsidiary company;

3.2 The Audit Committee of the listed holding company shall review the financial statements, in particular the investments made by the unlisted subsidiary company;

3.3 The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company;

3.4 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;

4. PURCHASE/ ALLOTMENT/ TRANSFER OF SHARES

4.1 The company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;

4.2 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;

4.3 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.

5. DISPOSAL OF SHARES / ASSETS

5.1 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 divestment is made under a scheme of arrangement duly approved by a court/ Tribunal;

5.2 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 unless prior approval of shareholders by way of special resolution in its General Meeting is obtained except in case the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/Tribunal.

6. AMENDMENT

The Board of Directors may review or amend this policy, in whole or in part, from time to time as per the requirement of the Act or any other statute.

7. DISCLOSURES

7.1 The company shall include particulars of its subsidiary companies in its annual return;

7.2 The company shall also attach along statement with its financials, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;

7.3 The company shall, along with its financial statements to be filed with Registrar, attach the accounts of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;

7.4 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;

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