



# GKB Ophthalmics Ltd.

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## Policy for Determining Material Subsidiary

### 1. Introduction

The Policy is framed in accordance with the requirements of regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for determining Material Subsidiaries.

### 2. Policy :

A Subsidiary shall be considered 'material', if its income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

### 3. Governance Framework :

- i) At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in clause 2 above, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- ii) The audit committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- iii) The minutes of the meeting of the board of directors of the unlisted subsidiary shall be placed at the meeting of the Board of directors of the Company.
- iv) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

**Explanation :-** For the purpose of this regulation, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

- v) The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or



equal to fifty percent 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 [ or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved].

- vi) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal [ , or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved].

Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

- vii) Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
- viii) Every material unlisted subsidiary incorporated in India shall undertake secretarial audit and the secretarial audit report shall be annexed to the annual report of the company.

#### **4. Amendments :**

The Board may subject to the 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. However, no such amendments or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

#### **5. Dissemination of Policy :**

This Policy shall be hosted on the website of the Company [www.gkb.net](http://www.gkb.net) and address of such link thereto shall be provided in the Annual Report of the Company.

