

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

INTRODUCTION

Regulation 16(1)(c) of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter referred to as “**SEBI Listing Regulations**”) requires the companies listed on Stock Exchanges to frame Policy for determining ‘Material Subsidiary’ of the Company and to provide governance framework for such subsidiaries. This Policy ensures compliance with corporate governance principles for material subsidiaries as per Regulation 24 of the SEBI Listing Regulations. The Board of Directors (the “**Board**”) of G. Surgiwear Limited (hereinafter referred to as “**Company**”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries of the Company and to provide governance framework for such subsidiaries.

DEFINITIONS

“**Audit Committee**” or “**Committee**” means Audit Committee constituted by the Board of the Company, from time to time under provisions of the SEBI Listing Regulations, and the Companies Act, 2013.

“**Board of Directors**” or “**Board**” means the Board of Directors of G. Surgiwear Limited, as constituted from time to time.

“**Company**” means G. Surgiwear Limited.

“**Material Subsidiary**” shall mean a subsidiary whose turnover or net worth exceeds 10 per cent of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding financial year.

“**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 unlisted subsidiary for the immediately preceding accounting year.

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

“**Unlisted Subsidiary**” shall mean a subsidiary whose securities are not listed on any recognized Stock exchanges.

GOVERNANCE FRAMEWORK WITH RESPECT TO SUBSIDIARY OF THE COMPANY

A Subsidiary shall be considered Material Subsidiary, if its turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

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. Provided that this requirement shall be applicable only to 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.

The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the Unlisted Subsidiary.

The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.

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: The term “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 unlisted subsidiary for the immediately preceding accounting year, and shall be in accordance with any meaning as may be provided for “significant transaction or arrangement” under Regulation 24(4) of the SEBI Listing Regulations, from time to time.

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.

RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

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 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 or under a resolution plan duly approved under Section 31 of Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized Stock Exchanges within one day of the resolution plan being approved.

RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY BY THE LISTED ENTITY

Selling, disposing and leasing of assets amounting to more than 20% 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.

SECRETARIAL AUDIT

Every Unlisted Material Subsidiary incorporated in India, shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by the company secretary.

POLICY REVIEW

This Policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications. Any subsequent amendment / modification in the Listing Regulations, Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

DISCLOSURE

This Policy shall be disclosed on the website of the Company in pursuance of Regulation 46(2)(h) of the Listing Regulations and a web link thereto shall be provided in the Annual Report of the Company.

EFFECTIVE DATE

The Policy shall be effective from the date of listing of the equity shares of the Company on the stock exchange(s).
