

POLICY FOR DETERMINING “MATERIAL” SUBSIDIARIES

LEGAL FRAMEWORK

The Board of Directors (the “Board”) of Globe Capital Market Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The board may review and amend this policy from time to time.

This policy is formulated in terms of Clause 49 of the Listing Agreement with the Stock Exchange. Any subsequent amendment/ modification in the listing agreement and/or applicable laws in this regard shall automatically apply to this policy.

DEFINITIONS

- **“Act”**

Act means Companies Act, 2013 & rules made thereunder.

- **“Audit Committee or Committee”**

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

- **“Board of Directors” or “Board”**

“Board of Directors” or “Board” means the Board of Directors of Globe Capital Market Limited, as constituted from time to time.

- **“Consolidated Income or Net Worth”**

Consolidated Income or Net Worth means the total income or net worth of the Company and its subsidiaries.

- **“Subsidiary”**

Subsidiary shall be as defined under the Companies Act, 2013 and the rules made thereunder.

- **“Material Subsidiary”**

A subsidiary shall be considered as material if 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 if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.

- **“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.

- **“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 material unlisted subsidiary for the immediately preceding financial year.

DETERMINING THE MATERIAL SUBSIDIARIES:

- The Audit Committee to annually review the list of subsidiaries together with the details of the materiality defined here above, before 30th September of every year.

PROVISION WITH REGARD TO MATERIAL SUBSIDIARIES COMPANY

- The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company and shall also review all the significant transaction and arrangements entered with material unlisted subsidiary company;
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company;
- The company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
- 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.
- 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.

PROVISIONS FOR DISPOSAL OF MATERIAL SUBSIDIARY COMPANIES

- 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 disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal;
- 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 without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

DISCLOSURES

The material subsidiaries policy shall be disclosed on the company’s website & a web link thereto shall be provided in the Annual Report.