

GENUS PAPER & BOARDS LIMITED

(CIN: L21098UP2012PLC048300)

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Policy on Material Subsidiaries

INTRODUCTION

The Policy for determining 'Material Subsidiaries' (the "Policy") of Genus Paper & Boards Limited (the "Company" or "Genus") is in compliance with revised Clause 49 of the Listing Agreement with Stock Exchanges effective from 01st October, 2014. The Board of Directors of the Company (the "Board") has approved and adopted the Policy for determining 'Material Subsidiaries' and to provide the governance framework for such subsidiaries.

DEFINITIONS

"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.

"Independent Director" means a non-executive director (other than a managing director or a whole-time director or a nominee director) of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

"Material Non-Listed Indian Subsidiary" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

"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" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

POLICY

Material Subsidiary means a subsidiary, if any, which satisfies the following conditions:

(i). In which the Investment of the Company, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year;

OR

(ii). Which have generated 20 per cent of the consolidated income of the Company during the previous financial year

- One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.
- The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

- The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- The management shall on a half yearly basis bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- The management shall present to the Audit Committee annually the list of such 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.

DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the approval or prior approval, as the case may be, of the members by Special Resolution, shall not:

- (i). 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
- (ii). ceases the exercise of control over the Subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal; OR
- (iii). sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal

DISCLOSURES

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