

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

I. INTRODUCTION

This policy is framed by the Board of Directors of Generic Engineering Construction and Projects Limited in accordance with the requirement of Clause 49 of the Listing Agreement and also as per clause 16 (c) of SEBI (Listing Obligations and Disclosure Regulations), 2015 to determine the material subsidiaries of the Company and to provide for the governance framework for such subsidiaries.

The Board of the Directors of the Company have in their meeting held on 29/03/2019 reviewed, modified and adopted this policy to align the same with the applicable laws, rules and regulations.

II. OBJECTIVE AND APPLICABILITY

Besides determining the Material Subsidiaries and disclosure thereof as required by Clause 49 (V) of the Listing Agreement and any other Laws and Regulations as may be applicable to the Company, the Policy on Material Subsidiaries (this "Policy") intends to ensure governance of Material Subsidiaries by complying with Directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions or arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling or disposing or leasing of assets of such Subsidiaries by the Company.

III. DEFINITIONS

- a) **"Audit Committee"** means the Committee formed under Section 177 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
- b) **"Board"** means the Board of Directors of the Company
- c) **"Consolidated Income"** means the total income of the Company and its Subsidiaries
- d) **"Holding Company"** in relation to one or more other companies, means a company of which such companies are Subsidiaries Companies pursuant to Section 2(46) of the Companies Act, 2013.
- e) **"Independent Director"** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the LODR requirements.
- f) **"Material Subsidiary"** shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- g) **“Net Worth”** shall mean the net worth as computed based on the last audited financial statements of the Company.
- h) **“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 material subsidiary for the immediately preceding accounting year.
- i) **“Subsidiary Company”** in relation to any other company (that is to say the Holding Company), mean a company in which the Holding Company-
- I) Controls the composition of the Board of Directors; Or
 - II) Exercise or controls more than one half of the total voting power either at its own or together with one or more of its Subsidiary Companies:

Provided that such class or classes of Holding Companies as may be prescribed shall not have layers of Subsidiaries beyond such numbers as may be prescribed.

The term “control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder’s agreements or voting agreements or in any other manner.

IV. POLICY & PROCEDURE

A subsidiary shall be identified as Material if income or net worth exceeds 10% (ten percent) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

It shall be the responsibility of the Company to ascertain which of its subsidiary companies can be deemed to be a material subsidiary in terms of the provisions of Listing Regulation and ensure adherence to the relevant provisions stated therein. A confirmation in this connection shall be obtained by means of a certificate issued by the Statutory Auditors of the Company and placed at the subsequent meeting of the Board of Directors for its noting.

V. GUIDING FRAMEWORK

- At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed Indian subsidiary company.
- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.

- The Management shall periodically 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.

VI. DISPOSAL REQUIREMENTS

The Company, without passing a special resolution in its General Meeting, shall not: -

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- 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 in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal

VII. DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Agreement. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

VIII. REVIEW OF THIS POLICY

The Board of the Company may carry out the changes to this policy from time to time so as to bring them in line with the amendments as may happen under the listing regulations and/or Companies Act, 2013.

IX. PLACEMENT OF THE CODE ON THE WEBSITE OF THE COMPANY

This policy as amended from time to time shall be posted on the website of the Company.

Note: At present the Company do not have any Subsidiary Company and the above policy is made in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.