GANESHA ECOSPHERE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(Adopted w.e.f. 22.06.2020)

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PREAMBLE:

The Board of Directors ("Board") of **GANESHA ECOSPHERE LIMITED** ("Company") at its meeting held on 22nd June, 2020 has adopted this Policy for determining Material Subsidiary of the Company in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").

OBJECTIVE:

The Objective of the Policy is to determine the Material Subsidiaries and also to provide the governance framework for the subsidiaries of the Company.

DEFINITIONS:

"Audit Committee" means Audit Committee constituted by the Board of Directors of the Company.

"Control" shall have the same meaning as assigned to the term in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Independent Director" implies a director other than a managing director or a whole-time director or a nominee director and who satisfies the criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations.

"Net Worth" means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of Listing Regulations.

"Subsidiary" shall be as defined under Section 2(87) of the Companies Act, 2013.

All the words and expressions used but not defined in the Policy shall carry the same meaning as assigned to them under the Listing Regulations/the Companies Act, 2013, the Rules, made thereunder, as amended, from time to time.

MEANING OF MATERIAL SUBSIDIARY:

A **Material Subsidiary** of the Company shall mean a subsidiary, whose 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.

INDEPENDENT DIRECTOR OF THE COMPANY ON THE BOARD OF AN UNLISTED MATERIAL SUBSIDIARY:

At least one Independent Director on the Board of the Company shall be a Director on the Board of the unlisted material subsidiary, whether incorporated in India or not.

For the above purpose only, the term "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

RESTRICTION ON DISPOSAL OF SHARES IN MATERIAL SUBSIDIARY:

The Company shall not dispose-off shares in its material subsidiary resulting into reduction of 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, or under a resolution plan duly approved under Section 31 of the 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:

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 of the Company 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

SECRETARIAL AUDIT OF MATERIAL UNLISTED SUBSIDIARY:

Every material unlisted subsidiary of the Company incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in Form No. MR-3 as specified in the Companies Act, 2013 and rules made thereunder.

OTHER COMPLIANCES IN RESPECT OF UNLISTED SUBSIDIARIES OF THE COMPANY WHETHER MATERIAL OR NOT:

a. Financial Statements
The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiaries of the Company.

b. Minutes of Unlisted Subsidiaries
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.

c. Significant Transactions / Arrangements
The management of the unlisted subsidiary should periodically bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by such subsidiary company.

Explanation:- Here 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.

DISCLOSURES:

As prescribed under the Listing Regulations, this Policy shall be disclosed on the Company’s website and a web link of it shall be provided in the Annual Report of the Company.

AMENDMENTS:

The Board may, subject to 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, as it may deem necessary. Any change / amendments in applicable statues shall be deemed to be covered in this policy without any review.

SCOPE AND LIMITATIONS:

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments or rules, the provisions of such Act or Regulations or statutory enactments or rules shall prevail over this Policy.

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