

STAR PAPER MILLS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

{Under Clause 16 (c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

1. Objective:

The objective of this Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with Clause 16 (c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). As on the date of adoption of this policy, the company has no subsidiary and hence policy has no applicability.

2. Definitions:

“**Board of Directors**” or “**Board**” means the Board of Directors of Star Paper Mills Limited.

“**Company**” means Star Paper Mills Limited.

“**Policy**” means this Policy, as amended from time to time.

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

“**Material Subsidiary**” shall mean a Subsidiary whose income or net worth exceeds 20 per cent of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

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

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013/Listing Regulations.

“**Significant transaction or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material subsidiary for the immediately preceding accounting year.

3. Policy:

A subsidiary of the Company shall be considered **Material** if its income or net worth exceeds 20 per cent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year or such threshold as laid down in Regulation 16(c)

of “Listing Regulations”.

4. Governance Framework:

- i) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the subsidiary Company.
- ii) The minutes of the Board meetings of the subsidiary company shall be placed at the Board meeting of the company.
- iii) The management should 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 subsidiary company.
- iv) One Independent Director of the Company shall be a Director on the Board of the material Indian subsidiary company.

5. Disposal of shares/assets of Material Subsidiary:

- i) The Company shall not dispose of the 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 divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.
- ii) selling, disposal and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the holding company by way of special resolution, unless the sale / disposal / lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. Amendments:

The Board may 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.

7. Disclosure:

As prescribed under Regulation 46 (1)/Schedule V of the Listing Regulations, this policy shall be disclosed on the company’s website and a weblink thereto shall be provided in the Annual Report of the Company.