



# **GMR ENTERPRISES PRIVATE LIMITED**

## **Policy on Material Subsidiaries**



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## 1. INTRODUCTION

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The Board of Directors (The “Board”) of GMR Enterprises Private Limited, incorporated under the Companies Act, 2013, (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries (hereinafter defined).

### 1.1 PURPOSE OF THE POLICY

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To determine the Material Subsidiaries of the Company and to provide the governance framework for such Material Subsidiaries.

All the Words and expressions used in this Policy, unless defined herein, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

### 1.2 DEFINITIONS

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- 1.2.1 **“Audit Committee”** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under the provisions of Listing Regulations, RBI Act and/or the Companies Act, 2013.
- 1.2.2 **“Consolidated Income or Net-worth”** means the total income or net-worth of the Company and its Subsidiaries.
- 1.2.3 **“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 as laid down under Schedule IV of the Companies Act, 2013 and the Listing Regulations. However, pursuant to Regulation 16 of the Listing Regulations, the Non-Executive Directors on the Board shall be treated as Independent Directors of the Company.
- 1.2.4 **“Policy”** means this Policy on Material Subsidiary.
- 1.2.5 **“Material Subsidiary”** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 1.2.6 **“Significant transactions and arrangements”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue 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.
- 1.2.7 **“Subsidiary”** means a subsidiary as defined under the Companies Act, 2013 and the Rules made thereunder.

## 2 POLICY

- i. A subsidiary shall be a Material Subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth of the Company and its Subsidiaries in the immediately preceding accounting year;
- ii. One Independent Director of the Company shall be a Director on the Board of the material unlisted subsidiary company whether incorporated in India or not as applicable.

For the purposes of this requirement, “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.”

- iii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- iv. The minutes of the meetings of the Board of Directors of unlisted subsidiary shall be placed before the Board of the Company.
- v. The Management of unlisted subsidiary 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. Significant transaction for this purpose shall mean individual transaction or arrangement that exceeds or likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
- vi. Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

### 2.1 DISPOSAL OF MATERIAL SUBSIDIARY

The Company shall not:

- i. 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 equal to 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 or under a resolution plan duly approved under the Insolvency Code;
- ii. sell, dispose off and lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of shareholders 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 the Insolvency Code.



### **3. DISCLOSURES**

The Company shall disclose the Policy on Material Subsidiaries on its website and a web-link shall be provided in the Annual Report.

### **4. POLICY REVIEW**

This policy shall be subject to review by the Board as may be deemed necessary and to comply with any regulatory amendments or statutory modifications.

### **5. AMENDMENT**

Amendment to this Policy shall be approved by the Board from time to time.

Any amendment or modification in the Listing Regulations and any other applicable regulation relating to Material Subsidiaries shall automatically be applicable to the Company.

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Version 1 of this Policy was approved and adopted by the Board of Directors on April 29, 2022