



# **Policy for Determining Material Subsidiaries**

## 1. Policy Objective

*This Policy was originally framed and approved by the Board of Directors of the Company at its meeting held on February 5, 2015 in accordance with the erstwhile clause 49 of the Listing Agreement with the stock exchanges. Subsequent to the introduction of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), which replaced the Listing Agreement, the Board of Directors of the Company at its meeting held on January 27, 2016 modified this policy to bring it in line with Regulation 16 of the Listing Regulations.*

*Subsequent to the introduction of SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018, the Board of Directors at its meeting held on January 29, 2019, further amended the policy to bring it in line with Regulation 16 and Regulation 24 of the Listing Regulations.*

## 2. Policy

- 1) *In accordance with the provisions of Regulation 16, with effect from April 1, 2019, a subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:*
  - a. *The income of the subsidiary, exceeds 10% of the consolidated income of the Company as per the audited balance sheet of the previous financial year; or*
  - b. *The net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year.*

In accordance with the provisions of Regulation 24(5), GCPL shall not dispose of shares such material subsidiaries resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution.

In accordance with the provisions of Regulation 24(6), selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiaries on an aggregate basis during a financial year shall require 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.

- 2) *For the purpose of regulation 24 (1), with effect from April 1, 2019, a subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:*
- a. The income of the subsidiary, exceeds 20% of the consolidated income of the Company as per the audited balance sheet of the previous financial year; or*
  - b. The net worth of the subsidiary exceeds 20% of the consolidated net worth of the Company as per the audited balance sheet of the previous financial year.*

At least one independent director from the Board of directors of the Company shall be a director on the Board of Directors of such unlisted material subsidiary (ies), whether incorporated in India or not.