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GPT INFRAPROJECTS LIMITED

MATERIAL SUBSIDIARY POLICY

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30.05.2018	2	Audit Committee & Board of Directors	Company Secretary

GPT INFRAPROJECTS LIMITED

Policy for Determining “Material Subsidiaries”

This Policy shall be called ‘Policy for determining Material Subsidiaries’.

The clause under Listing Regulations extends certain principle of corporate governance to material subsidiaries of listed companies.

The Board of Directors of GPT Infraprojects Limited (the “Company”) is obliged to formulate a policy for determining “material subsidiaries” to comply with the requirements of Regulation 24 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI/LODR) Regulations, 2015”) for such material subsidiaries.

OBJECTIVE:

- i. This Policy is framed in accordance with the requirement of revised Regulation 24 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any amendments thereof) to be effective from its approval/amendment and is intended to ensure governance of material subsidiary companies.
- ii. The Company is required to disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

1. DEFINITIONS:

- a) “Act” Act means Companies Act, 2013 & rules made thereunder.
- b) “Holding Company” Holding company in relation to one or more other companies, means a company as defined under clause 2(46) of the Act
- c) “Subsidiary Company” Subsidiary company or subsidiary in relation to any other company (that is to say the holding company), means a company as defined under clause 2(87) of the Act
- d) “Material non-listed Indian subsidiary” The terms Material non-listed Indian subsidiary shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.
- e) “Significant transaction or arrangement” It 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 material unlisted subsidiary for the immediately preceding financial year.
- f) “Audit Committee” Audit Committee means the committee formed under Section 177 of the Companies Act, 2013.

2. BASIS OF DETERMINING MATERIAL SUBSIDIARY

A subsidiary shall be considered as 'material' if -

- the investment of the Company in the subsidiary exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- the subsidiary has generated 20% of the consolidated income (revenue) of the Company during the previous financial year

3. PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

- i. The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- ii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company;
- iii. The management shall periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;
- iv. Subsidiary company shall not either by its own or through its nominees, holds any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void. Nothing contained in this clause, shall apply to a case:-
 - a. Where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
 - b. Where the subsidiary company holds such shares as a trustee; or
 - c. Where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.
- v. The company shall not directly / indirectly purchase its own shares or other specified securities through any subsidiary company including its own subsidiary companies;
- vi. The company shall include particulars of its subsidiary companies in its annual return;
- vii. The company shall also attach along statement with its financial, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries;

- viii. The company shall, along with its financial statements to be filed with Registrar, attach the account of its subsidiary or subsidiaries which have been incorporated outside India & which have not established their place of business in India;
- ix. The company shall place separate audited accounts in respect of each of its subsidiary on its website, if any & shall provide the copy of such audited financial statements to any shareholder of the company, who asks for it.

4. PROVISIONS WITH REGARD TO MATERIAL NON-LISTED INDIAN SUBSIDIARY & MATERIAL SUBSIDIARY COMPANIES:

- i. At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company;
- ii. The company shall not dispose of 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 such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal;
- iii. The company shall not sell, dispose & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders by way of passing special resolution in its General Meeting, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

5. COMPLIANCE BY STEP DOWN SUBSIDIARIES:

Where a company has a listed subsidiary which is itself a holding company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

6. DISCLOSURES:

The material subsidiaries policy shall be disclosed on the company's website & a web link thereto shall be provided in the Annual Report.

7. AMENDMENT:

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

8. INTERPRETATION:

Any words used in this policy but not defined herein shall have the same meaning as described to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement or any other relevant legislation / law applicable to the Company.