



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PHILOSOPHY

This policy is called **"GMM PFAUDLER LIMITED – POLICY FOR DETERMINING MATERIAL SUBSIDIARIES"** (hereinafter referred to as "this Policy").

This policy intends to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, to determine material subsidiaries of the Company.

GMM Pfaudler Limited (hereinafter referred to as "the Company") has investments in various subsidiaries. This Policy shall apply for determining whether a subsidiary is a material subsidiary of the Company.

2. MEANING OF TERMS USED

- a. **"Act"** means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.
- b. **"Audit Committee"** shall mean the Audit Committee of the Board of Directors or such other Committee as may be approved by the Board of Directors, from time to time, under the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c. **"Board"** refers to the Board of Directors of GMM Pfaudler Limited.
- d. **"Company"** or **"GMM Pfaudler"** refers to GMM Pfaudler Limited, having its Registered Office at Vithal Udyognagar, Anand-Sojitra Road, Karamsad – 388325, Gujarat.
- e. **"Material subsidiary"** shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- f. **"Subsidiary(s)"** shall mean subsidiaries of the Company as defined under the Act and as per the applicable accounting standards.

Words, terms, and expressions used and not defined in these rules or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 but defined in the Act shall have the same meaning respectively assigned to them in the Act.



3. POLICY

The Company shall consider a Subsidiary as a material subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of GMM Pfaudler and its subsidiaries in the immediately preceding accounting year. (hereinafter referred to as "Material Subsidiary").

The Company shall nominate at least one independent director on the Board of directors of GMM Pfaudler Limited as a director on the board of directors of the unlisted Material Subsidiary, whether incorporated in India or not and whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of GMM Pfaudler and its subsidiaries in the immediately preceding accounting year.

The Company shall follow such governance procedures in relation to subsidiaries as may be outlined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act from time to time

The Management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as a Material Subsidiary the same shall be intimated to the Audit Committee and the Board as may be required.

4. OTHER PROVISIONS

A. Independent Directors on the Board :

The Company shall nominate at least one independent director on the Board of directors of GMM Pfaudler Limited as a director on the board of directors of the unlisted Material Subsidiary, whether incorporated in India or not and whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of GMM Pfaudler and its subsidiaries in the immediately preceding accounting year.

The Company shall follow such governance procedures in relation to Subsidiaries as may be outlined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act from time to time.

B. Restriction on disposal of shares:

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 fifty percent (50%)/ cease the exercise of control over the Material Subsidiary without passing a special resolution in its General Meeting except in cases where such divestment 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 Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.



C. Restriction on disposal of Assets:

The Company shall not sell, dispose and/or lease assets amounting to more than twenty percent (20%) 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 Section 31 of the Insolvency Code and such an event is disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

D. Secretarial Audit by Material Unlisted Subsidiaries incorporated in India:

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 form as may be prescribed. in such form as may be prescribed.

5. DISCLOSURE:

This Policy on determining Material Subsidiaries shall be disclosed on the website of GMM Pfaudler Ltd (www.gmmpfaudler.com) and a web link thereto shall be provided in the Annual Report of GMM Pfaudler.

6. REVIEW & AMENDMENT:

This Policy may be amended by the Board from time to time to be in line with any amendments made to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Act and such other guidelines issued by SEBI.

Document Control

All changes to the process document can be made only by the Document Owner.

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