



## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

### 1. INTRODUCTION

This policy is called “**GMM PFAUDLER LIMITED – POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**” (hereinafter referred to as “this Policy/Policy”), framed to comply with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force (“Listing Regulations”).

### 2. OBJECTIVE

The purpose of this policy is to lay down criteria for identification and dealing with Material Subsidiary(ies) and to formulate governance framework for Subsidiary(ies).

### 3. MEANING OF TERMS USED

- a. “**Act**” means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by 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 Listing Regulations.
- c. “**Board**” or “**Board of Directors**” refers to the Board of Directors of GMM Pfaudler Limited.
- d. “**Company**” or “**GMM Pfaudler**” means GMM Pfaudler Limited.
- e. “**Material Subsidiary(ies)**” shall mean a subsidiary, whose turnover or net worth exceeds 10% percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- f. “**Subsidiary(ies)**” shall mean subsidiaries of the Company as defined under the Act and as per the applicable accounting standards.
- g. “**Turnover**” means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

#### 4. GOVERNANCE OF MATERIAL SUBSIDIARIES

##### A. Review of list of Material Subsidiaries:

The list of Material Subsidiaries of the Company shall be placed before the Audit Committee and the Board for their review on an annual basis.

##### B. Independent Directors on the Board:

The Company shall nominate at least one independent director of the Company as a director on the board of directors of the unlisted Material Subsidiary(ies), whether incorporated in India or not and whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

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

##### C. Disposal of shares or assets of Material Subsidiary:

- a.) The Company shall not dispose of shares in its Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50%/ cease the exercise of control over the Material Subsidiary, without passing a special resolution in the general meeting or through postal ballot.
- b.) The Company shall not sell, dispose and/or lease 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 shareholders by way of special resolution except in the case of sale, disposal or lease of assets between two wholly-owned subsidiaries of the Company.

Provided that the provisions of Para C (a) & (b) shall not be applicable if the divestment/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 be disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

##### D. Secretarial Audit:

Every unlisted Material Subsidiary of the Company incorporated in India shall undertake secretarial audit by a secretarial auditor and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice who is competent to issue such report under applicable law.

## **5. GOVERNANCE OF ALL SUBSIDIARIES**

### **E. Matters to be reviewed by Audit Committee:**

- a.) Financial Statements of subsidiaries, in particular, the investment made by the unlisted subsidiaries.
- b.) Utilization of loans and/or advances from/investment in the subsidiaries exceeding INR 100 crore or 10% of the asset size of the subsidiaries, whichever is lower.
- c.) Any transaction between the Company and its Subsidiary(ies) shall be entered into in accordance with the policy on related party transactions of the Company.

### **F. Matters to be reviewed by the Board of Directors:**

- a.) The minutes of the Board meetings of the unlisted Subsidiaries.
- b.) Statement of all significant transactions and arrangements entered into by the unlisted Subsidiaries.
- c.) A statement containing salient features of the financial statement of its Subsidiaries and associate companies (on an annual basis).

## **6. DISCLOSURE**

This Policy shall be disclosed on the website of the Company at [www.gmmpfaudler.com](http://www.gmmpfaudler.com) and a web link thereto shall be provided in the Annual Report of the Company.

## **7. INTERPRETATION**

Words, terms, and expressions used in this Policy and not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act, 1992 or rules and regulations made thereunder, Listing Regulations or any other relevant legislation/law applicable to the Company.

In the event of conflict between the terms of this Policy and any provision in an applicable law, the provision of the applicable law shall prevail.

## **8. REVIEW & AMENDMENT**

This Policy may be amended by the Board from time to time to be in line with any amendments made to the Act, Listing Regulations or any other relevant legislation/applicable law.



## Document Control

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

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3	May 23, 2020	2 <sup>nd</sup> Amendment
4	November 3, 2022	3 <sup>rd</sup> Amendment
5	May 21, 2025	4 <sup>th</sup> Amendment