

GSPL TRANSMISSION LIMITED
POLICY FOR DETERMINING “MATERIAL”
SUBSIDIARIES

Introduction:

The Board of Directors (the “Board”) of GSPL Transmission Limited (the “Company”) has adopted the following Policy and procedures with regard to determination of Material Subsidiaries, as defined in this Policy below.

Purpose:

This Policy has been formulated in compliance with the requirement of Regulation 16 read with Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory enactments/amendments thereof) with an objective to determine the Material Subsidiaries of the Company.

Definitions:

For this Policy, following terms shall have the meanings ascribed to them as under:

- I. **“Act”** means the Companies Act, 2013 including the rules, schedules, clarifications, guidelines and any amendment thereto issued by the Ministry of Corporate Affairs from time to time.
- II. **“Audit Committee”** means Audit Committee of the Board of Directors of the Company.
- III. **“Material Subsidiary”** shall mean a Subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- IV. **“Policy”** means this Policy for determining “Material” Subsidiaries of the Company.
- V. **“Significant Transaction or Arrangement”** 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 unlisted subsidiary for the immediately preceding accounting year.
- VI. **“Subsidiary(s)”** shall mean subsidiaries of the Company as defined under the Companies Act, 2013 and the rules framed thereunder.

Words, terms and expressions used and not defined in this Policy shall have the same meaning assigned to them in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") or the Companies Act, 2013.

Governance framework:

- i. The Audit Committee of the Company shall 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 before the Board of the Company.
- iii. The Management of the Unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
- iv. One Independent Director of the Company shall be a Director on the Board of the Unlisted Material Subsidiary Company, incorporated in India or not.

The term "Material Subsidiary" for the purpose of this compliance requirement shall mean a subsidiary, whose turnover or net worth exceeds twenty (20%) percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- v. The Material Unlisted Subsidiaries (incorporated in India) of the Company(s) shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report given by a Company Secretary in practice in such form as may be specified.

Disposal of Shares/Assets of Material Subsidiary(s):

Without the prior approval of the shareholders of the Company by means of a special resolution, the Company shall not:

- a) Dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a court or tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the

recognized stock exchanges within one day of the resolution plan being approved;

- b) Sell/dispose/lease assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme or arrangement duly approved by a court or tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Nothing contained in a) or b) above, shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

In case of listed subsidiary of the Company, which is itself is a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

Annual Review to determine Materiality of Subsidiaries:

For the purpose of complying with the requirements of this Policy, the Audit Committee shall review on regular intervals the criteria for determining materiality of the subsidiaries as per this Policy.

Deviations / Conflicts:

Notwithstanding anything contrary contained elsewhere in this Policy, in case of any contradiction/inconsistency between the provisions of this Policy and Listing Regulations or the Companies Act, 2013, provisions of the Listing Regulations or the Companies Act, 2013 as the case may be shall prevail and the provisions in the Policy would be modified in due course to make it consistent with law.

Amendments and Updates:

The Board may monitor, review and amend the Policy from time to time as also whenever necessitated due to changes/amendments notified by the SEBI/Ministry of Corporate Affairs w.r.t. Material Subsidiaries.

Disclosure:

In compliance with the applicable provisions of the Listing Regulations, this Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Company's Annual Report.
