



GUJARAT PETROSYNTHESE LIMITED

**POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARIES OF THE
COMPANY**

The policy is provided herewith pursuant to the provisions of Regulation 16 (1) (c) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Duly approved by the Board of directors at its meeting held on August 12, 2021)

1. PREAMBLE:

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), requires a listed company to frame a policy which shall include the procedures for determining a "material" subsidiary, which shall be hosted on the website of the Company in order to comply with the requirements of Regulation 16(1)(c) and Regulation 24 of Listing Regulations.

This policy shall be governed by the provisions of the SEBI Act, Rules and Regulations made there under and all other applicable laws for the time being in force.

2. OBJECTIVE:

The objective of this Policy is to set forth the criteria towards ascertaining Material Subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

3. DEFINITIONS:

"Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Audit Committee or Committee" means Committee constituted pursuant to Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof.

"Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.

"Company" means Gujarat Petrosynthese Limited.

"Consolidated Income or Net worth" means the total income or net worth of the Company and its subsidiaries.

"Control" shall have the same meaning as assigned to the term in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Independent Director" shall have the meaning as ascribed to the term under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act, 2013, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Material Subsidiary" shall have the meaning as stated in paragraph 4 of this Policy.

"Material unlisted Indian subsidiary" means an unlisted subsidiary, incorporated in India, whose equity shares are not listed on any recognized stock exchange in India and whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“Net Worth” means net worth as defined in Section 2(57) of the Companies Act, 2013 read with Regulation 2(1)(s) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

“Policy” means this Policy for determining Material Subsidiaries.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the

- i) total consolidated revenues; or
- ii) total consolidated expenses; or
- iii) total consolidated assets; or
- iv) total consolidated liabilities; as the case may be, of the Unlisted Subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.

“Unlisted Subsidiary” means a Subsidiary whose equity shares are not listed on any recognized stock exchange.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. DETERMINATION OF MATERIAL SUBSIDIARY:

A Subsidiary of the Company shall be considered as a ‘Material Subsidiary’, if the income or net worth of the Subsidiary exceeds 10 % of consolidated income or net worth respectively of the Company and its subsidiaries as per the audited financial statements of the immediately preceding accounting year.

The Company shall, on formation of a Subsidiary, at the end of every year, determine whether the Subsidiary falls under the criteria for Material Subsidiary as defined above. In case the Subsidiary falls under such criteria, the same is to be reported to the Board for its noting at the first instance.

In addition, an unlisted Indian Material Subsidiary of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee of the Company and the Board.

5. GOVERNANCE FRAMEWORK:

- a) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company on annual basis.
- b) The minutes of the Board meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.

- c) At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of unlisted Material Subsidiary, whether incorporated in India or not.

For the purpose of the above-mentioned point (c), the term “material subsidiary” means a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- d) The management of the Unlisted Subsidiary shall quarterly bring to the notice of the Board of the Company, a statement of all Significant Transaction(s) and Arrangement entered into by the Unlisted Subsidiary/ies.
- e) The management shall present to the Audit Committee annually the list of such Subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the unlisted Material Subsidiary

The Company shall follow such governance procedures in relation to Material Subsidiary, unlisted subsidiary and Material Unlisted Indian Subsidiary as may be outlined in the SEBI Listing Regulations and the Act, from time to time.

6. DISPOSAL OF MATERIAL SUBSIDIARY:

The Company, without a prior approval of shareholders by passing a special resolution in its General Meeting, shall not: -

- a) dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or
- b) dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or
- c) sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year

Exceptions:

In cases where such disinvestment or 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved, shareholders approved shall not be required

7. DISCLOSURES:

The Company shall disclose in its Board’s report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Board’s report.

8. COMPLIANCE RESPONSIBILITY

The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to

make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or placed before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

9. AMENDMENTS:

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the Audit Committee or Board from time to time.

The Policy shall be effective from the date of listing of the equity shares of the Company on the Stock Exchange(s). Any subsequent amendments, modification or supplementation to this Policy shall be effective from the date of approval of Board, unless specified otherwise.

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI Listing Regulations or statutory enactments, rules shall prevail over this Policy.

Any subsequent amendment/modification in the Act, SEBI Listing regulations and/or other applicable laws in this regard shall automatically apply to this Policy. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

10. EFFECTIVE DATE

The Policy shall come into effect from the date of approval of Board of Directors in the meeting held on August 12, 2021 due to applicability of corporate governance provisions to the Company from 01st April, 2021.
