



GMR POWER AND URBAN INFRA LIMITED

Policy on Material Subsidiaries

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1. INTRODUCTION

The Board of Directors (The “Board”) of GMR Power and Urban Infra Limited, incorporated under the Companies Act, 2013, (the “Company”) has, in pursuance of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), and other applicable provisions (including any statutory modification(s) or enactment(s) thereof), adopted the following policy and procedures with regard to determination of Material Subsidiary(ies) (hereinafter defined).

1.1 PURPOSE OF THE POLICY

To determine the Material Subsidiary(ies) of the Company and to provide the governance framework for such Material Subsidiary(ies).

All the words and expressions used in this Policy, unless defined herein, 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 and the Rules, Notifications and Circulars made/issued thereunder, as amended from time to time.

1.2 DEFINITIONS

- 1.2.1 **“Audit Committee”** means Audit Committee constituted by the Board of Directors of the Company, from time to time, under the provisions of the Listing Regulations, and/or the Companies Act, 2013.
- 1.2.2 **“Consolidated Turnover or Net-worth”** means the total turnover or net-worth, as the case may be, of the Company and its Subsidiaries.
- 1.2.3 **“Independent Director”** means a Director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under the Companies Act, 2013 and the Listing Regulations.
- 1.2.4 **“Policy”** means this Policy on Material Subsidiary.
- 1.2.5 **“Material Subsidiary”** shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- 1.2.6 **“Unlisted Material subsidiary”** shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

- 1.2.7 **“Significant transactions and arrangements”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
- 1.2.8 **“Net worth”** means as defined under the Companies Act, 2013 and Rules made thereunder.
- 1.2.9 **“Subsidiary”** means a subsidiary as defined under the Companies Act, 2013 and the Rules made thereunder.

2. POLICY

- i. A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:
 - a. Whose net worth exceeds 10% of the consolidated net worth of the Company and its Subsidiaries in the immediately preceding accounting year; or
 - b. Whose turnover exceeds 10% of the consolidated turnover of the Company and its Subsidiaries in the immediately preceding accounting year.

3. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF THE COMPANY

- i. At least one Independent Director of the Company shall be a Director on the Board of the Unlisted Material Subsidiary company whether incorporated in India or not.
- ii. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on a regular basis.
- iii. The minutes of the unlisted subsidiary companies shall be placed before the Board of the Company.
- iv. The Management of the unlisted subsidiary shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- v. The Company and its Unlisted Material Subsidiary(ies) incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a peer reviewed company secretary in practice.
- vi. Where the Company has a listed subsidiary, which is itself a holding company, the above provisions shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

4. RESTRICTIONS ON DISPOSAL OF CONTROL IN MATERIAL SUBSIDIARY

The Company shall not:

- i. dispose of the 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 divestment is made under a scheme or arrangement duly approved by a Court/Tribunal;
- ii. sell, dispose of and lease assets amounting to more than twenty percent 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.

However, the above clause shall not apply to a transaction relating to sale, dispose of or lease of assets between two wholly-owned subsidiaries of the Company.

5. DISCLOSURES

The Company shall disclose the Policy on Material Subsidiaries on its website and a web-link shall be provided in the Annual Report.

Further, the audited financial statements of each Subsidiary of the Company, including Material Subsidiaries, in respect of a relevant financial year, shall be uploaded on the website of the Company at least 21 days prior to the date of annual general meeting which has been called to inter alia consider the accounts of that financial year.

6. REVIEW AND AMENDMENT

This policy shall be subject to review by the Board of Directors as may be deemed necessary and to comply with any regulatory amendments or statutory modifications, preferably once every three years.

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

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 notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. and shall be deemed to be part of this policy.