

GSB FINANCE LIMITED

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

PREFACE

GSB Finance Limited ("Company") has formulated this policy for determining material subsidiaries of the Company in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), which require every listed company to formulate a policy for determining a "material" subsidiary and Regulation 46(2)(h) of the Listing Regulations which requires each listed company to publish such policy on its website.

This policy for determining a material subsidiary ("Policy") of the Company has been prepared and adopted in accordance with the Listing Regulations.

OBJECTIVE OF THE POLICY

The objective of this Policy is to determine:

- Meaning of Material Subsidiary;
- Requirement of Independent Director in certain Material Unlisted Subsidiaries;
- Restriction on disposal of shares of Material Subsidiary by the Company;
- Restriction on transfer of assets of Material Subsidiary; and
- Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

"Board" or **"Board of Directors"** shall mean the board of directors of the Company.

"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

"Independent Director" shall have the meaning given to it in the Companies Act, 2013.

"Material Subsidiary" means a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Material Unlisted Subsidiary" means an unlisted Material Subsidiary.

"Significant Transaction and Arrangement" means 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.

"Subsidiary" shall have the meaning given to it in the Companies Act, 2013.

"Unlisted Subsidiary" means an unlisted Subsidiary of the Company.

"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 material unlisted subsidiary for the immediately preceding accounting year. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

POLICY

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

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 an annual basis.

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 Material Non-Listed Indian Subsidiary.

All significant transactions and arrangements entered into by the unlisted subsidiary will be periodically placed before the Board of the Company.

RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

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 or equal to fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in a general meeting of its shareholders 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

RESTRICTION ON DISPOSAL OF THE ASSETS OF MATERIAL SUBSIDIARY

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company 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 and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

AMENDMENTS

The Board of the Company may amend the policy from time to time depending upon the requirements of the provisions of the Companies Act, 2013 and as per the Listing Regulations.

DISSEMINATION OF POLICY

This policy shall be hosted on the intra-net and website of the Company i.e. <https://gsbfinancelimited.com/> and a web link thereto shall be provided in the annual report of the Company as per applicable law.
